

# The NATIONAL UNDERWRITER

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The National Weekly Newspaper of Fire and Casualty Insurance

## Only Wise Spending Equals Sound Saving By Buyer, Agent, Insurer

By KENNETH O. FORCE

When the so-called recession began to make itself felt, business men publicly (and undoubtedly individuals privately) began to talk about expense savings. This naturally included the insurance buyer. It is not surprising then that the theme this year of the insurance section of American Management Assn. is cost saving, a theme that is being pursued generally by the parent association throughout the year.

The fire and casualty insurance business, which has been suffering its own peculiar kind of financial difficulties since 1935, also has been able to shave a percentage point or two, or a fraction thereof, from the expense ratio.

Agents have had their own problems with expenses. There has been an increase in the cost of processing during a period when the volume of

processing was increasing because of the promulgation of new forms and other changes. And they have had some commission cuts simultaneously with a tightening automobile market, which has made more work of placing business even where it has not actually resulted in forced jettisoning of business.

Thus all elements involved in insuring—the buyer, the seller, and the insurer—have been under various pressures, all of which have tended to force them to review expenses to see which ones could be reduced or eliminated.

The intelligent, consistent control of expenses is a vital necessity at all times. But unless it is viewed and exercised in relation to the positive purposes for spending money—to get business, to defend a position, a property or a function, and to develop talent for future growth—it may be, and very often has been, unwise. For

a business can be just as foolish in saving money as it can in spending it.

Take a look at the buyer. Speaking here of the corporate buyer (though to a degree the same things can be said of the individual insurance purchaser), when a business or industry buys insurance of the right kind in the proper amount and at a reasonable price for the risk, it will save money over any other type of insurance purchasing. Time after time companies have found, on the receipt of good advice, that they were buying too much and paying too much for it here and were buying too little and paying too little for it there.

But buying it properly, in the proper amount, at the proper price, is something that a business should do all the time and not just when fluctuations in the economy make everyone in the business organization unusually con-

(CONTINUED ON PAGE 26)

## Urge N. Y. Not To Restrict Business By Changing Laws

Industry Representatives Cite Dangers In Try To Bring Code Up To Date

By JOHN N. COSGROVE

NEW YORK—Hugh Harbison, counsel of Travelers, urged the New York department not to do anything to diminish writing powers in its effort to bring insurance laws up to date for multiple line, multiple peril and package policy underwriting purposes. His statement reflected fears of industry representatives at a one day discussion for exchange of views by department representatives and the industry subcommittee on powers. A subcommittee on rates had met previously.

Representatives of the business expressed satisfaction with the present law and strong resistance to change. They favored an administrative approach. The bone of contention most vigorously gnawed in the discussion was a paragraph listing multiple line insurance as a specific class, in a preliminary revision of section 46 of the law prepared by the department for the meeting. This paragraph defined multiple line as insurance under contracts written by fire and casualty insurers providing multiple peril coverages including combinations of kinds of insurance or subdivisions or parts thereof. Such contracts may include insurance on an all risk basis, the paragraph continued, with specified exclusions, but may not include life, annuities, A&S, title insurance, marine, and marine protection and indemnity.

### Objected To Exclusions

Industry representatives objected strenuously to these specific exclusions. Their viewpoint was summed up by Mr. Harbison, who said that no one at present has the wisdom to know what should be excluded. Preconceptions in this area will tend to restrict the industry from pioneering, he stated.

The department withdrew this (CONTINUED ON PAGE 27)

## Merchants Bought By American Liberty

American Liberty of Birmingham, Ala. has acquired 95% of the stock of Merchants Fire of Denver, for \$2 million. The 50-year old Merchants Fire, which is licensed in 31 states and has more than 600 agents, writes only fire and allied lines. As of May 31, its assets were \$4,598,827, with policyholders surplus of \$1,573,933.

Fred A. Carnell, president of American Liberty, will become president of Merchants Fire, and Clyde H. Gardner, the former president, will become chairman. All other officers of Merchants Fire will continue in their present capacity, and officers of American Liberty will also become officers of Merchants Fire. The new board of Merchants Fire will comprise five of the present directors and six officers of American Liberty.

Capital of Merchants Fire will be increased to \$1 million from the present \$600,000. Policyholders surplus will be increased to \$2 million. Merchants Fire will immediately apply for licenses in the southeastern states in which American Liberty is now active.

## La. Bill Relaxes FR Law

Under a bill passed by the Louisiana legislature and sent to the governor for signature, the financial responsibility law will not apply to an innocent driver involved in an accident, provided the other driver pleads guilty to or is convicted on charges of drunk driving, negligent homicide or negligent injury.

The bill also provides that a motorist will not be responsible under the law if his vehicle is legally parked at the time of an accident or if it is in an accident in which no one else is affected.

## Texas Supreme Court Sides With Department In Receiver Dispute

Texas supreme court, in two decisions handed down recently, sided with the insurance board in its long contest with District Judge Betts over control of the liquidation division.

The court voided two orders of Judge Betts: One raising salaries of three attorneys for the liquidator receiver; the other naming V. F. Taylor receiver in all insurance cases in his court. The supreme court agreed with the board that Judge Betts must appoint liquidator C. H. Langdeau as receiver.

### Upholds Commissioner

Associate Justice Norvell, who wrote the majority opinion in both decisions, held that Commissioner Harrison could name the liquidator and set salaries without violating the "separation of powers doctrine." He stated that the controlling question was whether the statute which provides that the liquidator appointed by the commissioner "shall be" the receiver, was mandatory or merely directory; and he added: "We hold the section is not directory and it is not unconstitutional and Betts did not possess exclusive power and duty to appoint receiver."

### Will Be Under Single Authority

After these decisions, the liquidation division will be under a single authority instead of under a dual appointing procedure, such as when Judge Betts refused to accept Mr. Langdeau and named Mr. Taylor. The other two district judges in Travis county had accepted Mr. Langdeau.

Involved in the legal tangle are the receivership cases of ICT and U. S. Trust & Guaranty.

## Pa. Studies WC Law For Liberalization

Commissioner Smith of Pennsylvania has called attention of insurer members of Pennsylvania compensation rating bureau to the fact that though the sections of the rating law applicable to fire, marine, inland marine, and casualty permit deviations and independent filings, the workmen's compensation law does not. He wonders what effect public law 15 has on that section. He has indicated that this legislative oversight should be corrected and has asked WC insurers to submit briefs on the question, if they desire to do so, by July 30.

### D. C. Cab Cover Bill Moves

WASHINGTON—The Senate passed Sen. Beall's bill to require D. C. taxicab operators involved in accidents to comply with the financial responsibility law. Its sponsors said it would have the effect of doubling D. C. taxicab coverage from 5/10/1 to 10/20/5.



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# Fire Agents Give Views On Life As Competitive Facility Or Threat

Entry of fire and casualty insurers into life has been widely discussed as to its purpose for the insurer and its effect on both fire-casualty and life producers and their merchandising practices. The insurers have indicated that, basically, they want a growth facility in a field where earnings fluctuate less violently than in fire and casualty.

But not many property and casualty agents have expressed their views of the importance of the trend or its consequence to them, nor has there been published much in the way of figures to indicate how many such agencies already handle life.

To find answers to these questions and to get the local agent's evaluation of the effects of the trend on them and their way of business life, THE NATIONAL UNDERWRITER asked a number of local agents over the country these and other questions. For if an agent will work hard to sell a homeowners contract to protect the property and liability risks of a client, he should be interested in the most important thing in the home, the homeowner himself and his replacement value to his family. That most local agents approached in the survey are interested in the client in this way is indicated by their comments, in many instances even where the agency does not have a life department and does not intend to establish one.

A very great many of the agencies

agree that a life department is an essential competitive facility for the agency in the times ahead, principally because it offers the client one-stop service. It is interesting to note that several agencies regard the method of commission payment in the life field—high first year commissions and much lower commissions the succeeding years—as the special problem in their operation of a life department. Not too many agents think that companies with life affiliates will tend to favor agencies selling life when it comes to accommodating lines, such as automobile, that are hard to place.

These are the survey questions:

"Do you believe a life department is an essential competitive facility for the agency in the times ahead? Why?"

"Do you operate a life department? If so, how long have you had one? Do you have your own life specialists, or do you rely on those of your life company? What special problems does the operation of a life department pose? Do you use a monthly premium payment plan for clients for whom you write personal coverages only? Commercial coverages? What have you found to be the selling points of such a payment plan for each type of insured? Do you handle A&S in the life department, or some other division? Why?"

"If you don't sell life insurance, are you making plans to do so? Do you think the danger of your business

coming under competition because a competitor has life has been overestimated? Do you think an agency operation specializing in certain lines only, or in certain types of clients only, has an assured future? If you are planning to open a life department, what kind of a life company would you like to have?"

"What special problems does lack of a life department pose? Won't multiple line companies with life insurance tend to favor those agencies that produce life business, when it comes to taking lines, such as automobile at present, that are hard to place?"

Herewith are presented comments of agents in answer to the questionnaire. More will be run in future issues. At the end of the series, the final score will be computed and presented—where a number breakdown seems significant.

We believe a life insurance department is going to become a necessary facility to the independent agent in the future as we believe it is only a matter of time until the life companies will have their charters so amended that they will be in the general insurance business, and that is when the ice cream will hit the fan. In all probability they would be in it today but for the staggering underwriting losses of most casualty companies,

(CONTINUED ON PAGE 19)

## Fire Losses Rise 29% In June, Up 5.6% For 6 Months

Fire losses in the U. S. in June amounted to \$90,048,000, an increase of 29.2% over June 1957, and up 5.2% from May, 1956, according to National Board.

Losses for the first six months of 1958 totaled \$581,235,000, an increase of 5.6% over the first six months of 1957. This is well over the \$1 billion a year rate. The first \$1 billion year was in 1957. Losses for the six months in the last three years were:

	1958	1957	1956
January ..	\$ 99,918,000	\$115,272,000	\$ 96,972,000
February ..	103,853,000	95,569,000	84,041,000
March .....	102,725,000	104,565,000	89,315,000
April .....	99,061,000	85,994,000	84,624,000
May .....	85,633,000	79,045,000	87,681,000
June .....	90,048,000	69,710,000	74,779,000
Total ....	\$581,235,000	\$550,155,000	\$517,463,000

## Ocean Marine Taxed In La., Surplus Lines Tax Increased To 5%

Louisiana has passed a law which subjects ocean marine insurance to a premium tax. The coverage previously was exempt.

Another bill which the legislature adopted increased to 5% the maximum of the premium tax on business placed on Louisiana risks by out-of-state surplus lines brokers. The tax is a maximum 3% on business placed by surplus lines brokers.

The insurance department indicated that the new measure is aimed especially at surplus lines brokers in Houston and Chicago.

## Engineering Is Valuable Production, Public, Agency Relations Weapon

Engineering service can help producers write more business and hold present accounts, J. M. Stewart, superintendent of Employers' agency and production department, points out in the May-June issue of the group's publication, the Pioneer. The issue explores many phases of insurer engineering and allied services whose value is often overlooked.

Too often an inspection or safety program is accepted as a matter of course rather than a production tool, Mr. Stewart observes. Much can be accomplished if the agent cooperates in arranging appointments for engineers, in attending meetings with the client and in following through to see that recommendations are put into effect. The value of engineering service lies in creating in insured's mind another important reason why his agent is best equipped to handle his business. Thus it goes beyond indirect selling.

### Engineering Need Grows

John Wildman, superintendent of the engineering department, expands on the function and points out that there has never been an era when sound technical guidance has been as important to the producer, the underwriter, claim adjuster and other sections of the business. Every indication stresses a growing need for sound engineering service. The modern engineer works not only with supervisors

in industry, but with management as well. The latter must be brought to realize that accident prevention is a vital part of plant production and that an unsafe operation is generally an inefficient one, Mr. Wildman declares. Once this philosophy has been accepted, there is invariably a favorable reflection in accident experience.

He comments on the growing field of nuclear power. Engineers are not as interested in the mechanical features of this development as in the exposures to workers and the public. Certain diseases in this area have already been identified, but far reaching effects are as yet uncertain, and the engineer must keep abreast of developments, many of which go beyond his field. This challenge is being met by the group's engineering department.

### Technical Reports Of No Value

William M. Pierce, associate superintendent of that unit, declares that most technical reports or scientific papers might as well be written in Russian or Chinese for all the value they may be to a plant manager. This difficulty is overcome by the Employers' home office engineering laboratory which outlines hazards clearly and recommends necessary controls. The future will involve tremendous exposure to radio active isotopes in industry, the problem of industrial noise

(CONTINUED ON PAGE 23)

## Wikler Taken To Court On Theory Of WC Rate Making

### N. Y. Rating Board Seeks To Annul Order To Exclude State Fund Experience

New York Compensation Insurance Rating Board has obtained from the state supreme court of Albany court an order requiring Julius S. Wikler, insurance superintendent, to show cause why his ruling of May 15, that workmen's compensation experience of the State Fund be excluded from the board's making of rates for private insurers, should not be annulled.

The court granted the board a preliminary stay, preventing the Wikler ruling from going into effect, until July 25, when the court will hear arguments on several points. One of these is to transfer the case to the appellate division for determination since the issues in the case already have been tried by the insurance department itself. Another request by the board is for a temporary order restraining the superintendent from putting his May 25 decision into effect until the court finally has determined the issues.

Mr. Wikler ordered the board to adjust its rates for private insurers by excluding the experience of State Fund, which writes more than twice as much WC in the state as any other single insurer. This would, Mr. Wikler claims, result in the charging of lower rates by private insurers.

The court's preliminary stay has the effect of suspending the effective date of the Wikler order, which would otherwise have become effective July 15.

An interesting aspect of the case is that State Fund, a member of the rating board, is supporting the action of the board in this case. Insurance observers outside the WC field have closely followed developments in the matter because if Mr. Wikler's theory of rate making with part of the WC experience is upheld, the principle could be applied to other lines of insurance, with none knows what results on the consequent rates.

John P. McGrath and Denis B. Sullivan are counsel for the board, and the attorney general's office for the insurance department.

## N. Y. Board Losses Up; EC Rises, Fire Down

New York Board reported 5,000 extended coverage losses for a total of \$2,140,655 in the first six months compared with 2,242 losses totaling \$1,385,442 in the same period in 1957. In June EC losses rose to 395 from 219 last year, and the comparative cost was \$203,305 against \$119,094.

Fire losses for six months were down to 2,038 from 2,245. Loss was \$13,052,231 against \$13,253,429 in 1957. However, June fire losses rose to \$11 from 282 last year, for a total of \$1,584,715, against \$1,550,929 in 1957. The increase in number of losses, including sprinkler leakage, was 58.61% and increase in amount was 4.75%.



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## No. British Changes As Stockham Retires

Reginald P. Stockham, assistant U. S. manager and secretary of North British and Ocean Marine, is retiring Aug. 31 after nearly 46 years of service. He is also a vice-president and secretary of Mercantile of America, Commonwealth of New York and Pennsylvania Fire, and a vice-president of Central Surety.

On his retirement, the financial and secretary's department which he headed will be divided into two units—the investment department and the secretary's department.

Harold J. Hudson, now vice-president, secretary and treasurer of Central Surety, and secretary of the other companies, will have charge of the group investment department. It is anticipated that he will be appointed secretary and treasurer of Pennsylvania Fire.

Mr. Hudson will be assisted by Frederick C. Meyer, who has been appointed an assistant secretary of North British effective Sept. 1.

John C. Droge had been advanced from assistant secretary of North British to secretary and will shortly

have that title with the associated companies. He will head the secretary's department.

Mr. Stockham joined North British in London in 1912 and spent most of his career in the U. S. branch. He supervised foreign brokerage business and later transferred to the corporate secretary's department, becoming secretary in 1933. In 1941 he was appointed assistant U. S. manager and a vice-president of associated companies to the financial and secretary's department.

Mr. Hudson started with Central Surety as a claims examiner in 1926, became secretary and treasurer, a director, member of the finance committee, and vice-president, and also secretary of North British and the other companies. He transferred this year to New York.

Mr. Droge has been with North British 33 years. He started in the accounts department and in 1936 transferred to the financial and secretary's department. He became assistant secretary of the companies in 1945 and since has been associated with Mr. Stockham.

Mr. Meyer began with North British in 1940 in the accounts department.

## Corroon & Reynolds Promotes Four

Corroon & Reynolds has elected Hugh Garland vice-president and secretary of the companies in the group.

John A. Grogan has been advanced from assistant secretary to vice-president, and Stanley E. Outhouse from secretary to secretary and treasurer. Charles E. Heney has been appointed an assistant secretary.

## N. C. Disapproves Auto Liability Rate Increase Of 19.9%

Commissioner Gold of North Carolina has rejected the application of North Carolina automobile rate administrative office for a liability rate increase of 19.9% for private passenger cars and 6.2% for commercial cars. He conceded there is a need for some rate change, but described the amount asked as greater than reasonably necessary. The rating bureau can modify its filing or refile, he said.

He was particularly opposed to a 50% increase in the Fayetteville territory, where Fort Bragg is located. He said it is unfair to charge against that territory accidents occurring elsewhere but involving soldiers based at the fort. The territory's accident record is not that bad, he concluded.

## Geo. F. Brown Makes 4 Executive Staff Changes

Geo. F. Brown & Sons, managing general agents, Chicago and New York, has made a number of promotions and changes in the executive staff:

Robert W. Bird, assistant vice-president, has been appointed as assistant to Louis W. Biegler, executive vice-president. Mr. Bird will assist in the direction of the property and reinsurance departments, with direct supervision of the production department.

Eldred M. Koenig, assistant vice-president, goes from New York to Chicago as assistant to Alan J. Carey, vice-president in charge of casualty operations. Mr. Koenig has been manager at New York for three years.

Raymond T. Wagner was named manager of the property insurance department, including supervision of fire and marine activities. He was formerly secretary of Steel Ins. Co. and with that organization from its inception. Prior to the formation of Steel, Mr. Wagner was state agent for America Fore, originally in Indiana and later in northern Ohio.

James M. Boyden has been promoted to assistant vice-president and succeeds Mr. Koenig as manager at New York.

## WC Award For Stress, Strain Of Office Worker Upheld

Mississippi supreme court has declined to set aside its recent ruling that office workers may get workmen's compensation benefits for injuries in which "stress and strain" of the job are contributing factors. The high court, however, clarified its original holding to make it clear that compensability of an injury to or death of an office worker could not be based solely on a specific emotional disturbance or of a person's personal traits.

Justice Ethridge wrote the clarifying opinion, which overruled a suggestion of error to the court's recent decision holding that the death of Mrs. R. R. Dinsmore, deputy state insurance commissioner, from a heart attack in 1955, was subject to WC law benefits. Mrs.

Dinsmore had suffered an attack while at her desk in the state insurance commission office and died later of a thrombosis condition.

The court's clarifying opinion said the defendant insurer was "in error in interpreting our original controlling opinion as basing compensability upon a specific emotional disturbance or any prior time period." The judge said the court made its earlier decision on the basis of "substantial medical testimony to support the commission's finding that the stress and strain of the claimant's work activities contributed to her thrombosis."

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## Indiana Fire Companies Form PR Organization

Indiana fire and casualty companies have formed an association to improve service and to create a better public understanding of the industry, to be known as Insurance Institute of Indiana.

Edward P. Gallagher, executive vice-president and general counsel of American States, was elected president of the institute. Horace H. Tudor, vice-president of Indiana Lumbermens Mutual, was elected vice-president; William Cooling, vice-president of Indiana Ins. Co., treasurer, and Jack J. Rosebrough, general manager of Farm Bureau Mutual, secretary.

Directors of the institute will include 15 presidents of 18 companies and associations whose home offices are in Indiana.

### Dale Is Institute Director

The institute will be under the direction of Allen Dale, executive vice-president. Mr. Dale was formerly with International News Service and United Press. The office of the institute will be at 215 Jefferson Life building, Indianapolis.

## Auto BI, PDL Rates Rise 18.5% In La.

Louisiana has approved an increase of 18.5% in liability rates for private passenger automobiles on basic limits of 5/10/5, effective Aug. 27, as filed by National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau. The bureau stated that the indicated increase was 25% but they were asking only 18.9%. The difference between 18.5 and 18.9% is represented by a 50% increase in limits above basic, which the insurance commission approved.

Also effective Aug. 27 is a 25% increase in BI rates for M&C, a 23.5% BI increase on OL&T, a 23.2% increase on BI for elevator, and a 10% increase in glass. PDL and collision for elevator were reduced 25%.

## Stocks

By H. W. Cornelius, Bacon, Whipple & Co.  
135 S. LaSalle St., Chicago July 22, 1958

	Bid	Asked
Aetna Casualty .....	136	140
Aetna Fire .....	62	63½
Aetna Life .....	187	192
Agricultural .....	28	29
American Equitable .....	33	34½
American (N. J.) .....	24¼	25¼
American Motorists .....	11¾	12½
American Surety .....	16	17
Boston .....	30½	31½
Camden Fire .....	29	30
Continental Casualty .....	85	86½
Crum & Forster com. ....	59	61
Federal .....	43	44
Fireman's Fund .....	48	50
General Reinsurance .....	55	57
Glens Falls .....	30	31
Globe & Republic .....	18	19
Great American Fire .....	35	36
Hanover Fire .....	37	38
Hartford Fire .....	156	158
Home (N. Y.) .....	42¾	43¾
Ins. Co. of No. America .....	105½	108
Maryland Casualty .....	36¾	37¾
Mass. Bonding .....	36½	38
National Fire .....	79	81
National Union .....	36½	37½
New Amsterdam Cas. ....	42½	43½
New Hampshire .....	39	41
North River .....	33½	34½
Ohio Casualty .....	21½	22½
Phoenix Conn. ....	63¾	65
Prov. Wash. ....	18½	19½
Reinsurance Corp. of N. Y. ....	14½	15½
Reliance .....	41	42½
St. Paul F. & M. ....	46	47½
Springfield F. & M. ....	30	31
Standard Accident .....	46½	47½
Travelers .....	80¾	81¾
U.S.F. & G. ....	60	62
U. S. Fire .....	26	27

## Rucker Is Secretary Of Fla. Mutual Agents

Preston R. Rucker of Jacksonville has been named executive secretary of Florida Assn. of Mutual Insurance Agents. He will have his office in Jacksonville.

Mr. Rucker entered the navy in 1926 and retired as a commander in 1955.

## N.Y. Favors Mental Blue Cross Coverage

Superintendent Wikler of New York has indicated that he is prepared to approve applications by Blue Cross plans in the state to include hospitalization for a limited period for mental illness as a standard provision in all outstanding as well as newly issued contracts.

The department approved the provision for Rochester Blue Cross in May. A review of plans throughout the nation which provide this added benefit for a limited period indicates that it is successful and is not unduly costly, Mr. Wikler said.

Significant economic and social gains will accrue to the citizens of the state from this broadening of hospitalization protection, he stated. Modern therapy has demonstrated that mental illness need not necessarily be chronic and of long duration. Each year thousands of acutely mentally ill persons are restored to their normal productive lives within a relatively short time, resulting in large savings to the taxpayer in the treatment of mental illness.

### Beacon Mutual Names Managers

R. Ned Cochran has been named claims manager for Beacon Mutual Indemnity, Columbus, O., for the five states in which the company operates. Francis E. Frey has been named claims manager of the company's Cleveland branch office.



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## Where Was Salesman When His Jewels Were Stolen Is Crux Of Floater Case

U. S. Supreme Court has denied a writ of certiorari to Dave Schneider of Long Beach, Cal., who won a trial court judgment of \$15,914 under a jewelers block policy written by Centennial. This verdict was reversed by the federal court of southern California on the company's appeal.

The loss occurred on Dec. 3, 1954, while Schneider was calling on retailers and carrying his display of jewelry in two specially fitted cases in his car trunk. Controversy on recovery centered on the policy clause which states that coverage is provided against all risks of loss of or damage to property from any cause except loss or damage to such property when it is in or on an automobile, motorcycle or other vehicle—unless at the time of loss, insured, his permanent employee or a person charged solely with attending the vehicle is actually in or on it.

Schneider, a wholesaler, left his place of business in the morning to

make calls. After lunch he drove to Bruce Jewelers in Inglewood, removed the cases from the trunk, took them into the store, displayed his line, returned the cases to the trunk and proceeded to Joy Jewelry Co., also in Inglewood. He did not remove his cases there and did not enter the premises, but talked with one of the buyers—a Mr. Stelzer—in front of the store so that he could keep an eye on the car. Stelzer invited Schneider to inspect a new Ford he had just purchased for his wife. The two got into Schneider's car, drove around the block into a blind alley and parked behind the Ford. They then got into the Ford to inspect the dashboard equipment. Schneider testified that he locked his own car and adjusted the rear view mirror of the Ford so that he could watch his vehicle. The Ford inspection lasted from five to 15 minutes. Schneider then returned to his car and drove to another customer, Cal-

ifornia Premium Service.

On arrival, Schneider parked close to the store and claimed that he watched his car at all times while talking with Mr. Nigro of California Premium Service, except for approximately one minute while he examined a diamond, during which time Mr. Nigro took up the vigil. After inspecting the diamond, Schneider opened his car trunk and learned both cases of jewelry were missing.

The car was a 1954 Cadillac Coup de Ville whose trunk latch locked automatically when the lid was closed. The latch showed no evidence of tampering. The lid was of the type which rises if not latched shut because of a spring mechanism. Testimony was conflicting as to how high the trunk lid would have to rise or be raised for Schneider to notice the action in his rear view mirror.

Centennial's counsel strongly emphasized in his appeal brief that between 10 a.m. and the time he discovered his loss at about 4:30 to 5 p.m. Schneider made no use of a rest room—the implication being that he probably did so during this seven hour

period but forgot about it. During this time when the car would have been out of his sight the theft had been committed, counsel implied.

Schneider argued that the language in the exception clause—loss or damage to property while in or upon an automobile—was ambiguous. He further held that it could only mean "damage to property" and did not include theft since a theft involves loss "of" property rather than loss "to" it. Thus, the exception clause did not apply in this case, he argued. The appeals court conceded the cleverness of this argument, but did not accept it. It held that the language excepted theft of property from an automobile on the terms stated in the policy.

Schneider contended that testimony proved the cases were not taken from the car while he was out of it since it was watched at all times and from this argued that he must have been in the vehicle at the time of theft. In the trial court he testified over Centennial's objection that the theft probably took place during the 45 minute drive in bumper to bumper traffic to California Premium Service. Centennial held this to be incredible. The appeals court concurred that it would have been impossible for thieves to remove the cases in traffic and make a getaway in another car, as Schneider contended, without attracting Schneider's attention or that of persons in cars behind and near his. This court also held that there were times when the trunk was not closely watched—particularly when Schneider was intent on examining the interior of the new Ford and could not see the rear of his own car too well, on his own testimony. Accordingly, the court reversed judgment.

### Policy Called "All Risk"

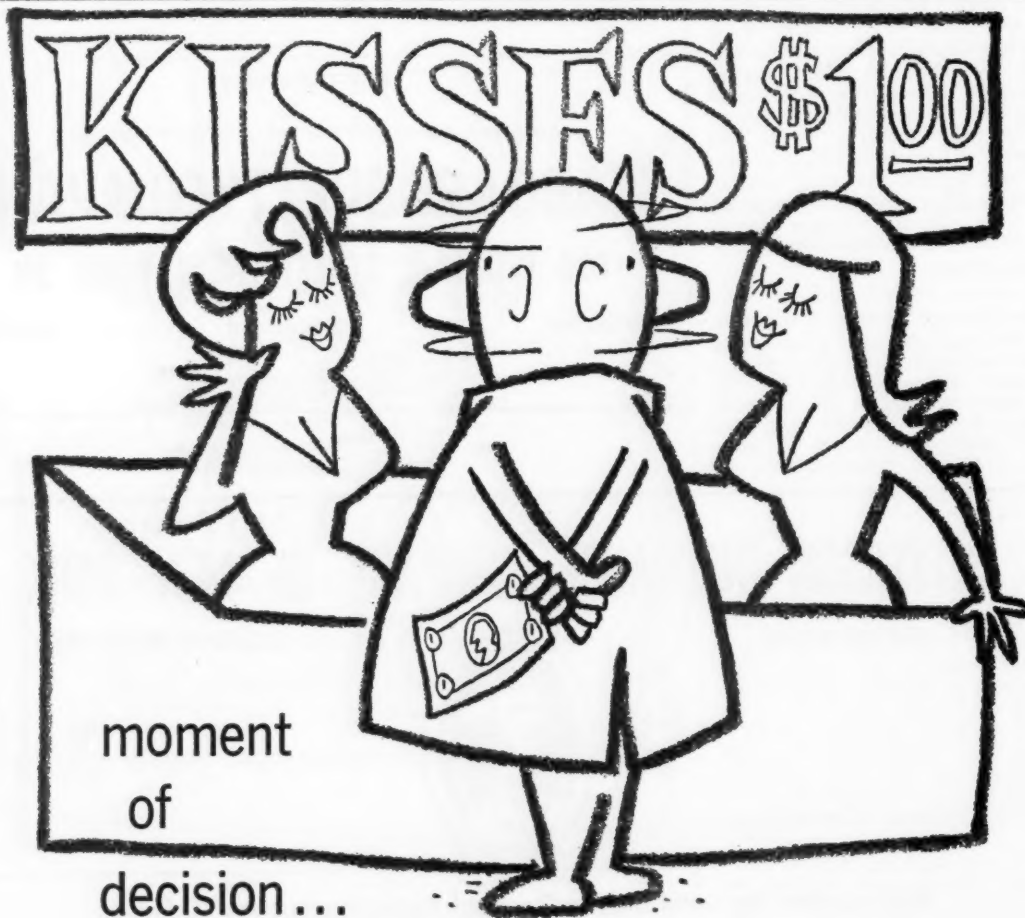
In the petition for writ of certiorari it was pointed out that Schneider's policy is called "all risk" and is doubtless represented in those terms by those who market it in California. Such a description becomes almost laughable in view of the appeals court action, the petition held.

The petition stated that while the controversial exception clause purported to exclude theft coverage while Schneider was away from his car, and the appeals court so agreed, the court had neglected to point out that the contract explicitly used the word theft in other parts of the contract for exclusion purposes. That was not the case in the clause in question, but the court read theft into the language in order to turn Schneider away empty handed, the petition stated.

It asserted that the appeals court opinion reads like the final chapter of a story by A. Conan Doyle. The petition concluded: "While it is a careful opinion in its analysis of the facts, detective like in its approach, its effect is to characterize the trial judge as a fool. The trial judge applied California law. He held that the insurer could not prove that the property was stolen while Schneider was away from his automobile, and that since insurer had the burden of proof, the finding had to be against it. The intermediate court wrought an injustice to the trial judge. It did not cast him in a proper light. It made him appear idiotic.

"Is it fair that the highest court in the land should permit its inferior court in a decision of this nature to disregard completely the arguments by the litigants on a controlling principle of local law—the issue of burden of proof as to a fact about which there is mystery to both parties?"

Betts, Ely & Loomis and Samuelson & Buck represented Schneider.



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## Seat Belts Best Car Safety Bet, Save Many From Ejection, Disadvantages Few

There is no better single device for reducing risk of injury and death in automobile crashes than the seat belt, John O. Moore, director of automotive crash injury research for Cornell University stated in his report to a special congressional subcommittee traffic safety hearing on belts and their performance in accidents. This con-

clusion was based on a 2-year study of accidents in 22 states. Mr. Moore hoped that his report would help end public resistance to the use of belts.

He noted a comparison of 81 pairs of car crashes, each pair being identical on 10 points of accident similarity. The 97 occupants of 81 cars had belts, and 139 occupants of the other

81 did not. Some of the latter were thrown from their vehicles. Among belt users there was a 60% reduction in risk of injury.

In another test involving 72 cars in 36 identical pairs of accidents, 46 non-belt users were ejected from their cars, while another 46 with belts were not. In each case one or both front doors of each car opened under crash impact. It was noted that the reduction of injury risk increased as the grade of injury went up, and that the greatest area of improvement offered by the belt is through preventing ejection rather than reducing severity of injuries inside the car, Mr. Moore explained.

### Negative Aspects Considered

He said that negative aspects of seat belts should be considered as part of the over-all safety picture and, while granting that belts may be cited as dangerous under unique conditions, maintained that safety—as law or medicine—works for the majority. Seat belts benefit vast numbers and should not be rejected because they cause harm in a few cases.

Mr. Moore said that much criticism of belts may not match actual cases involving humans. These tests are generally on a restricted scale and cannot be applied to the entire accident picture, he explained. Other criticism has come from newspapers, and confusion has been caused by unqualified interpretations by reporters who are not trained accident investigators.

He referred to an article in a consumer magazine which asserted that in the airplane crash in which President Magasaysay of the Philippines was killed, the one survivor among 26

(CONTINUED ON PAGE 18)

## Cites Roles Of Public, Company Adjusters

Phillip M. Winchester, New York City adjuster for the companies, declared that since public and company adjusters serve different masters, it is understandable that there may be a vast difference in their approach to a loss but this need not develop into a contest. He spoke at the annual convention of National Assn. of Public Insurance Adjusters at Atlantic City.

The public adjuster invariably is first on the loss scene, and he has an opportunity to lay the foundation for adjusting procedure, Mr. Winchester stated. Without the right kind of aid and advice, a disorganized or panicked insured may act in a fashion harmful to both himself and the company. The public adjuster enjoys the confidence of insured, and in the assessment of a loss he has the benefit of insured's first hand knowledge of his own business and property, Mr. Winchester noted.

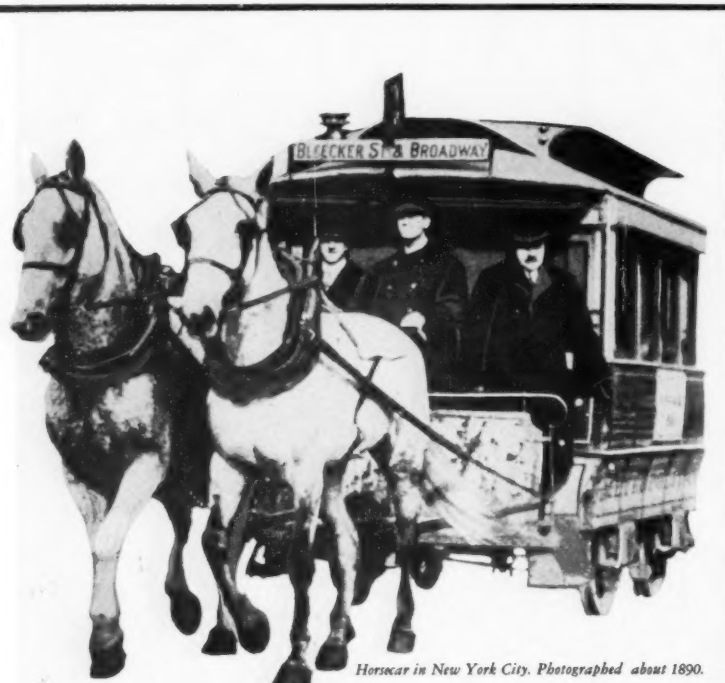
When the company adjuster enters the picture, he is a stranger to the claimant and most of his pronouncements are suspect, because the average insured assumes that his chief duty is to save money for his principal, he said.

### Company Adjuster Has Advantage

The company adjuster has a real advantage, which is represented by the comparatively unlimited resources of his company in backing him with experts and the use of all reasonable means necessary for compiling data useful to the determination of a loss, Mr. Winchester continued.

He asserted that when the presenta-

(CONTINUED ON PAGE 22)



Horsecar in New York City. Photographed about 1890.

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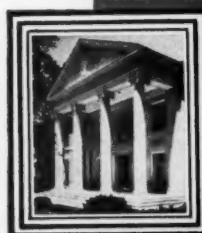
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## Describes Means Of Increasing Salvage In Farm Losses

Ezra W. Harris, secretary of Briar Creek Farmers Mutual, Orangeville, Pa., at the annual meeting of Pennsylvania State Assn. of Mutual Insurance Companies at Reading, spoke on the importance of salvage in adjusting farm losses.

In some cases where the local agent is first on the scene he may fail to act in the emergency to bring order out of chaos. He may lack company instruction and the necessary know-how, and permit valuable property to spoil, deteriorate or be stolen, thus increasing an already serious loss to insurer and insured, Mr. Harris said.

In the broader meaning of salvage—preventing indirect loss, exposure, spoilage or deterioration after a primary loss—the farm adjuster is in an excellent position to serve insured and insurer but cannot do so unless he has been adequately briefed, Mr. Harris declared. The local agent, township director or company man should have the authority to remind the owner of his obligation to protect property from further damage, and to help him in this effort. This must be done without prejudicing the company's position on the question of liability. Statements of fact, opinions on legal consequences and promises should be avoided. If the adjuster is informal and neighborly, he can direct salvage operations through firemen and neighbors, Mr. Harris said.

The adjuster should be equipped beforehand with a list of reputable carpenters, roofers, plumbers, butchers, electricians and all other pertinent types of repair and service facilities. He should know where tarpaulins can be borrowed on short notice, and the company would be wise to have their own located in strategic places.

### Primary Tasks Outlined

One of the adjuster's first tasks, Mr. Harris said, is to determine whether property will be further damaged unless protected and to decide if it is worth the cost of protection. He must determine whether the property should be moved, whether debris should be searched and whether a professional salvor should be employed.

Mr. Harris noted some ambiguity in the application of the principle which dictates that salvage inures to the insurer's benefit and gave this example: Cattle are insured under a limitation agreement, "Not to exceed \$200 on any one head." A cow is burned

## Vote New Posts For Ross And Taylor At Phoenix-Conn.

Phoenix of Hartford group has advanced Donald W. Ross from assistant secretary to secretary and Alden M. Taylor from director of public relations to assistant secretary in charge of public relations and advertising.

Mr. Ross joined the company in 1950 as superintendent of the compensation and liability division of the then new casualty department. He was elected assistant secretary in 1953. He is a director of Society of CPCU and past president of the Connecticut chapter.

Mr. Taylor joined Phoenix in 1950 in the PR department and in 1952 was appointed PR director. Before joining Phoenix he was on the staff of New York Herald Tribune.

and injured to the extent that she must be destroyed. The local butcher buys her for \$50 on a salvage deal. The agreed value of the cow prior to the fire was \$275. The question is whether the farmer will recover \$200 from the insurer since his loss after salvage is \$225 or will the salvage be deducted from the policy limitation and leave only a \$150 recovery. At the present time, practice varies and should be clarified in the interest of public relations, Mr. Harris stated.

### Timely Salvage Cuts Losses

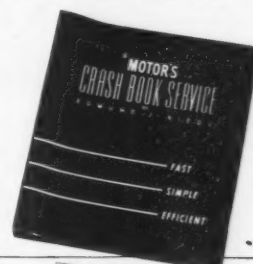
There are many instances where losses can be cut by timely salvage action, he continued. Animals are sometimes rescued from fire with burns that may develop infection. A call to the nearest veterinarian may save the animal. This is more profitable than slaughtering to both insured and insurer. Where electrical service is suspended, young chicks, incubating eggs and baby pigs may be lost unless the adjuster takes action. If animals have been killed by lightning, prompt skinning will save the hides, and a fertilizer plant may take the carcass, saving the farmer cost of burial.

Farm kitchen fires may interrupt current, and it is important to remove food from the refrigerator to prevent spoilage, he noted. The farmer's deep freeze holds a sizable investment in food. If it is spoiled because a power line on insured's property is knocked down, the loss is covered under household and personal property policies, but if the break is elsewhere, there is no protection. In either case, the food should be saved. If current is likely to

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be suspended more than 24 hours, use of dry ice in the freezer may prevent spoilage. Arrangements may also be made with a local locker plant for temporary storage.

Mr. Harris noted that salvage of perishable crops is a challenge to the ingenuity of the adjuster. Fruits, vegetables and dairy products can be sold for hog feed. All damaged produce should be examined for the possibility of saving it by drying or other treatment. Damaged hay and straw can sometimes be sold to the highway department for mulch and the protection of green concrete. Potatoes in storage should be guarded against freezing in winter weather. Salvage of food stuffs may involve calling in a health authority.

### Appliance Claims Numerous

Electrical appliance claims are becoming more numerous, Mr. Harris said, and in many cases the adjuster does not know of the claim until a replacement has been installed. The farmer needs immediate service when a motor, pump or heating element is knocked out by lightning, for example. The dealer may bring a replacement to the farm, declare that the old unit is a complete loss and urge the farmer to send the bill for the new appliance to the company. If the adjuster is lucky enough to arrive before the new unit is contracted for, he can save the company money by getting the damaged property repaired. But if new equipment is installed already, he should insist on taking the damaged machinery before payment on the agreed loss. The dealer makes a profit on his sale but he is not entitled to salvage on old parts.

Mr. Harris explained that storm doors and plate glass windows also have salvage possibilities. The owner of a new home may not approve of a patched door, but it may be useful on another type of occupancy. Smaller panes can be cut from cracked and broken windows.

No farm company looking ahead to the day when farm package policies will be the rule rather than the exception can afford to neglect the growing importance of salvage. Accordingly, personnel should be trained in such operations, for skillful performance might help arrest rising loss ratios, Mr. Harris concluded.

### Ask Court For Assist In Argonaut Stock Plan

In order to complete the transition of Argonaut Exchange to Argonaut Ins. Co. and facilitate transfer of stock issued to the Exchange as trustee as of July 1, 1957, the exchange has filed an action in superior court in San Francisco requesting the court to declare that only policyholders whose policies were in effect as of July 1, 1957, are entitled to share in the distribution of the stock. The court is asked also to declare the basis of the distribution.

According to the plan of converting the reciprocal to a stock company, as approved by Commissioner McConnell, assets and liabilities of the exchange were transferred to Argonaut Ins. Co. The plan provided that 1 million shares of common stock were to be issued to the exchange as trustee for the benefit of those policyholders entitled to receive some portion of the shares because they were policyholders, at no cost to them.

The new stock company will have assets of more than \$22 million. The plan is unique in that the policyholders who will be legally determined to be entitled to stock will become owners of the company of that size at no cost to themselves.

### Dandridge Agency Head Of Public Service Mutual

William E. Dandridge has joined Public Service Mutual, New York City, as superintendent of agencies in charge of production and advertising. He was formerly vice-president of New York Mutual Casualty, and prior to that had been manager at Newark of Employers Mutual Fire of Wausau.

### GAB In Southern Shifts

General Adjustment Bureau has advanced F. G. Tucker to general adjuster at Roanoke, Va., and named George E. Scruggs to succeed him as manager there. Mr. Scruggs was formerly manager at Spartanburg, S. C., where he is succeeded by Roy A. Blick, former senior adjuster at Norfolk, Va.

W. P. Carter has been named branch manager at Ft. Myers, Fla., to succeed Leon H. Shellman, who continues on the adjusting staff there. F. T. Reid-enbach, casualty field examiner, has replaced Mr. Carter as manager at Ft. Myers.

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## Three American Cas. Service Offices Open

American Casualty has opened offices at Norfolk, Memphis and Greensboro.

The Norfolk office, at 702 Duke street, is headed by Robert D. Lucas Jr., claim manager. He was formerly in the claims division at Richmond.

The Memphis office is at 2158 Union avenue, with Hunter Stock in charge of production, Jerry A. Copeland in charge of claims, and Robert J. Warfel as auditor-engineer. Mr. Stock has been a field representative at Memphis.

The Greensboro office is at 1844 Pembroke road. George Field Jr., special agent, will continue in the territory. Niles A. Wittaker has transferred from Charlotte to become claims manager.

## Zurich Names Baldwin Superintendent At Chicago

Zurich has promoted Howard W. Baldwin to superintendent of underwriting.

Mr. Baldwin joined Zurich at Chicago in 1957 as a supervising underwriter and became assistant superintendent of underwriting four months later.

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## Convention Dates

- Aug. 10-13, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.
- Aug. 20-21, Hoosierland Rating Bureau and A.B.C. Service Bureau, annual, Marott hotel, Indianapolis.
- Aug. 20-23, Federation of Insurance Counsel, Fairmont hotel, San Francisco.
- Aug. 21-23, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
- Aug. 21-23, Montana Assn. of Insurance Agents, annual, Northern hotel, Billings, Mont.
- Aug. 21-23, Texas Assn. of Mutual Insurance Agents, annual, Hilton hotel, San Antonio.
- Aug. 24-28, Section on insurance negligence and compensation law, American Bar Assn., Ambassador hotel, Los Angeles.
- Sept. 4-5, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.
- Sept. 7-9, Pennsylvania Assn. of Insurance Agents, annual, Bedford Springs, Pa.
- Sept. 8, Vermont Assn. of Insurance Agents, annual, The Lodge, Smugglers Notch, Stowe.
- Sept. 8-9, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.
- Sept. 14-16, Minnesota Assn. of Insurance Agents, annual, Hotel St. Paul, St. Paul.
- Sept. 14-16, Washington Assn. of Insurance Agents, annual, Chinook hotel, Yakima.
- Sept. 16-18, Wisconsin Assn. of Insurance Agents, annual, Schroeder hotel, Milwaukee.
- Sept. 16-19, Mutual Loss Managers' Conference, annual, Statler hotel, New York City.
- Sept. 17-19, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.
- Sept. 17-19, Oregon Assn. of Insurance Agents, annual, Multnomah hotel, Portland.
- Sept. 19-20, Utah Assn. of Insurance Agents, annual, Utah hotel, Salt Lake City.
- Sept. 22-24, International Claim Assn., annual, French Lick Springs hotel, French Lick, Ind.
- Sept. 23-25, Assn. of Superintendents of Insurance of the Provinces of Canada, annual, Empress hotel, Victoria, B. C.
- Oct. 1-3, Society of CPCU annual, Roosevelt hotel, New Orleans.
- Oct. 5-8, Conference of Mutual Casualty Companies, annual, Chalfonte-Haddon Hall, Atlantic City.
- Oct. 5-8, National Assn. of Mutual Insurance Companies, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.
- Oct. 6-7, Conference of Actuaries in Public Practice, Morrison hotel, Chicago.
- Oct. 6-8, National Assn. of Insurance Agents, annual, New Orleans.
- Oct. 12-15, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, Greenbrier hotel, White Sulphur Springs, W. Va.
- Oct. 17-18, New Mexico, Insurers, annual, LaFonda hotel, Santa Fe.
- Oct. 19-21, Illinois Assn. of Insurance Agents, annual, Morrison hotel, Chicago.
- Oct. 19-21, Maryland Assn. of Insurance Agents, annual, Emerson hotel, Baltimore.
- Oct. 19-21, Missouri Assn. of Insurance Agents, annual, Coronado hotel, St. Louis.
- Oct. 20-21, Arizona Assn. of Insurance Agents, annual, Pioneer hotel, Tucson.
- Oct. 20-21, Insurers of Tennessee, annual, Claridge hotel, Memphis.
- Oct. 20-22, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.
- Oct. 20-22, National Assn. of Mutual Insurance Agents, annual, Commodore hotel, New York City.
- Oct. 22-24, Kansas Assn. of Independent Insurance Agents, annual, Broadview hotel, Wichita.
- Oct. 23-25, Colorado Insurers, annual, Broadmoor hotel, Colorado Springs.
- Oct. 26-28, Missouri Assn. of Farm Mutual Insurance companies, annual, Governor hotel, Jefferson City.
- Oct. 26-28, Ohio Assn. of Insurance Agents, annual, Columbus.
- Oct. 27-29, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.
- Oct. 27-29, Health Insurance Assn., individual insurance forum, Drake hotel, Chicago.
- Oct. 28-29, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.
- Oct. 28-29, South Carolina Assn. of Insurance Agents, annual, Francis Marion hotel, Charleston.
- Nov. 20, Insurance Federation of New York, annual, Waldorf-Astoria, New York City.
- Nov. 20-21, Conference of Mutual Casualty Companies, accounting and statistical, office methods, and personnel conferences, Conrad Hilton hotel, Chicago.
- Nov. 24-26, National Assn. of Independent Insurers, annual, Hotel Fontainebleau, Miami Beach.
- Dec. 10, Eastern Underwriters Assn., annual, Biltmore hotel, New York City.
- Dec. 15-19, National Assn. of Insurance Commissioners, midwinter, Roosevelt hotel, New Orleans.

John C. Bremer has gone with the Cadwallader-Lord-Hahn agency as secretary-treasurer. He has been local manager for Western Adjustment for the past six years.

## Salesmen?



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well as adjusters for us. Star performers on your local Royal-Globe mobile production team, staff adjusters are one of the many groups of specialists that enable us to say

**"TOPS IN EVERY SERVICE"**



**CASUALTY • FIRE • MARINE • SURETY**

150 WILLIAM ST., NEW YORK 38, N. Y.

ROYAL INSURANCE COMPANY, LTD. • THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY LTD.  
ROYAL INDEMNITY COMPANY • GLOBE INDEMNITY COMPANY • QUEEN INSURANCE COMPANY OF AMERICA  
NEWARK INSURANCE COMPANY • AMERICAN AND FOREIGN INSURANCE COMPANY • THE BRITISH & FOREIGN  
MARINE INSURANCE COMPANY LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD.

## WE SOLICIT HARD TO PLACE RISKS

We are specialists in unusual  
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Producers inquiries invited

- We specialize in sub-standard private passenger physical damage
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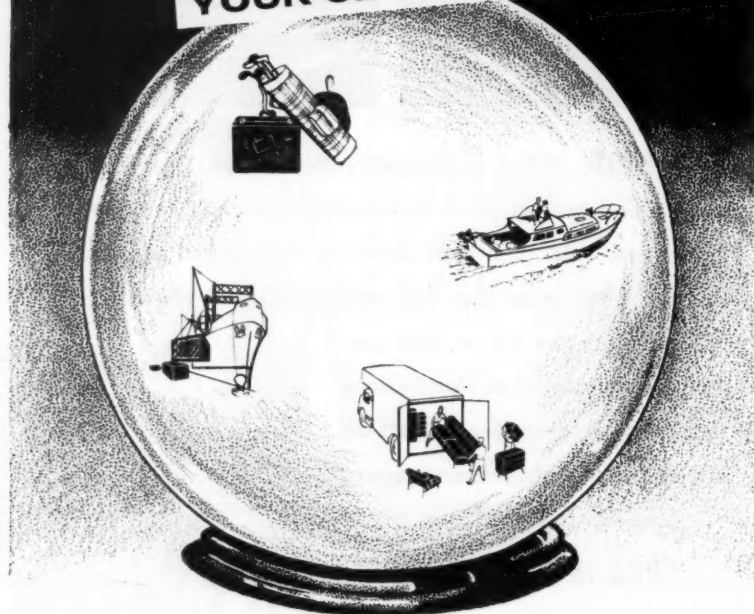
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## FRED MILLER COMPANY

(established 1952)

4028 Broadway - Kansas City 11, Mo. - Logan 1-7640

Is a marine policy in  
.....  
**YOUR CLIENT'S FUTURE?**



Chances are there is. It may turn out to be ocean marine or inland, a yacht policy or an agricultural equipment floater... but it's certain that you can provide a *better* plan of protection by measuring his exposure against the broad coverage available under marine insurance.

Your London & Lancashire fieldman will be happy to help you in any program analysis.

## LONDON & LANCASHIRE GROUP



THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD.  
SAFEGUARD INSURANCE COMPANY  
STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department)

20 Trinity Street, Hartford, Connecticut  
NEW YORK • CHICAGO • SAN FRANCISCO

A firm friend of the American Agency System

## St. Louis Grand Jury Indicts Landwehr

William B. Landwehr, agent at St. Louis and Clayton, Mo., has been named defendant in two indictments returned recently by the St. Louis county grand jury. One of the jury's true bills charged him with forgery, alleging that he had offered an installment note purportedly signed by M. & C. Construction Co. of Kansas City as collateral for a loan of \$2,994 from the Hampton Bank of St. Louis. An investigation indicated that no such company existed in Kansas City.

The second indictment charged that Landwehr gave a \$67 check for stationery purchased from Moss Printing & Lithographic Co., St. Louis, and that the check failed to clear the bank because of insufficient funds. The check was allegedly signed by Landwehr with the name "T. C. Ward."

These indictments, which were returned in the court of Circuit Judge Michael J. Carroll, replaced warrants previously issued for the arrest of Landwehr.

## Brinley Agency Head Of Hartford Fire At N. Y.

Edward C. Brinley Jr. has been appointed to the newly created post of agency superintendent of Hartford Fire group's New York department. With Hartford Fire since 1935, he was at the home office until 1941 when he was named a special agent at Albany. From 1953 on he served as a special agent at Poughkeepsie, where he will be succeeded by Burt M. Pinney.

Mr. Pinney joined Hartford Fire at New York and later served as a special agent in Colorado and eastern New York.

Guy W. Rutland Jr. of Decatur, Ga., and R. A. Young Jr. of Fort Smith, Ark., have been elected to the board of **Transport Insurance of Dallas**. Mr. Rutland operates his own trucking concern, Motor Convoy Co., Atlanta. Mr. Young is president of Arkansas-Best Freight System.

## Rodgers Named V-P Of Stewart, Smith, Pa.

William A. Rodgers, manager of the Philadelphia office of Stewart, Smith, Pa., has been elected a director and named executive vice-president of the company.

## Ill. R. B. Jones Names Gleason Executive V-P

Illinois R. B. Jones has appointed Jay W. Gleason as executive vice-president.

Mr. Gleason has been with U. S. Guarantee and Chubb & Son for 10 years in Pittsburgh, in various capacities, most recently as manager of the marine and multiple peril departments. Before that he was a special agent for Ins Co. of North America out of Cleveland. He is a past president of Alleghany CPCU chapter.



Jay W. Gleason

"This is the first move," C. Reid Cloon, president of the Chicago special lines agency, said, "in expanding our service to brokers and agents on surplus and excess lines through domestic as well as foreign markets. We are also planning to augment other facilities through the addition of several specialized departments including aviation and reinsurance."

## N. J. Doubles Auto Limits

Gov. Meyner of New Jersey has signed bills doubling both the maximum payable from the unsatisfied claim and judgment fund and the amount of coverage motorists must carry to 10/20. The fee uninsured motorists may be required to pay is raised from a maximum of \$8 to \$15, but the exact amount will not be fixed until year end. Last December the fee was cut from \$8 to \$3, beginning this June.



**no matter the  
floor plan, there's  
a package that fits**

Whether your client owns a ranch or split-level, colonial or cape cod, you can sell him *better* insurance coverage with the modern residential package policy. You can provide a blue-print for more complete coverage and at the same time offer the economy of modern merchandising.

For up-to-the-minute sales information write  
Multiple-peril department . . .

## SCOTTISH-AMERICAN GROUP



SCOTTISH UNION  
and  
NATIONAL INSURANCE COMPANY  
HARTFORD, CONNECTICUT

AMERICAN UNION  
INSURANCE COMPANY  
of NEW YORK



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## Field

### Indiana Field Men Form Northern Group, Elect Terry Carpenter

Terry Carpenter, assistant manager of Travelers in Indiana, was elected president of Indiana Capital Stock Insurance Assn. at the annual meeting held at Culver Inn, Lake Maxinkuckee, Ind. This was the last meeting of the group under its former name of Indiana Fire Underwriters Assn., the new name going into effect July 1. The membership also voted to establish the Northern Indiana Membership Group, comprising about 40 field men in the northern part of the state who cannot travel to Indianapolis for meetings. The northern group will hold its own meetings in South Bend, but is not a separate organization.

Ira E. Bain, Home, was named vice-president, and Mrs. Marie Johnson, secretary-treasurer. William J. Welsh, Springfield F&M, and Fred A. Anderson, Aetna Fire, both of South Bend, were elected resident vice-president and resident secretary, respectively, of the northern membership group.

Elected to the executive committee were John F. Kennedy, Phoenix-Connecticut, and Edward A. Foisey, American, both for two year terms, and John Downie Jr., Aetna Fire, for one year, representing the northern Indiana group.

Will S. Ellis, fire manager Royal-Globe, was main speaker at the three-day meeting. In his address, "Learning the Hard Way," he reminisced about his long experience as local agent and field man, applying the lessons he had learned to the problems common to field men today.

John M. Coughlin, Royal-Globe, the outgoing president, reviewed the events of the year in his report and received a set of golf clubs in appreciation for the job he has done.

### St. Paul F&M. Transfers Polubinsky To Indiana

St. Paul F&M. has transferred Larry J. Polubinsky from Chicago to a newly created southeastern Indiana field, with headquarters at Indianapolis under management of R. E. Aurelius. Mr. Polubinsky joined the company in 1944 at St. Paul, went to Baltimore as special agent in 1954, and to Chicago in 1955.

Special Agent Robert E. Anderson goes from Los Angeles to Chicago to replace Mr. Polubinsky.

### McBride Is Hanover State Agent At St. Louis

Hanover has named William R. McBride state agent in charge of the St. Louis service office, succeeding James D. Cameron, who has recently been promoted to agency superintendent in the western department.

Mr. McBride has been state agent in Indiana for several years. He will be assisted in St. Louis by Special Agent Vincent D. Waddock, formerly supervisor in northern Indiana. E. J. Wolaver, who has been with Hanover in Kentucky, will replace Mr. McBride in Indiana. Previous to that, he supervised the northern Indiana field for many years.

### Illinois Field Men Join Insurance Speakers Bureau

Illinois Capital Stock Insurance Assn. has joined Illinois Insurance Speakers Bureau to aid the bureau's efforts to make accurate insurance information available to any organization that wants it.

The Illinois bureau was organized in 1957 by Illinois Assn. of Insurance Agents, Insurance Brokers Assn. of Illinois and Assn. of Casualty and Surety Companies. It has sponsored more than 200 talks throughout the state, high school driver education classes and at various conventions.

The 160 members of the bureau are especially trained to explain simply and clearly one of America's most fascinating businesses. Bureau members do not try to sell insurance, but talk about safety, the place of protection and how insurance operates.

Bureau members are located throughout the state, and their services may be obtained by writing the bureau at room 1920, 120 South LaSalle street, Chicago 3.

### Traders & General Names Booker At Corpus Christi

Traders & General has named Howard W. Booker special agent with headquarters in Corpus Christi. His territory will also include Rio Grande Valley areas.

From 1951 to 1955, Mr. Booker operated his own agency in Houston. During the past two years he has worked with a local Houston agency.

### Falk In Michigan Field

Phoenix of Hartford has appointed Charles P. Falk as special agent at Detroit. He succeeds Garry L. Glomstead who resigned.

Mr. Falk was formerly with Wisconsin Inspection Bureau, and later traveled Missouri and Wisconsin for Maryland Casualty.

## FORESIGHT

A quality essential for  
successful Insurance Agents

The ability to look ahead . . . to anticipate clients' needs . . . to make sound plans for the future. These are just a few of the accomplishments of men with foresight. Insurance agents possessing this essential quality invariably use it to enhance their success still further by a wise selection of the companies they represent.

### PAN AMERICAN

Fire & Casualty  
Company



Insurance  
Company

EARL W. GAMMAGE, PRESIDENT

P. O. BOX 1662

T. EARNEST GAMMAGE JR., EXEC. V. P.

HOUSTON 1, TEXAS

**YOU Can Start a Chain Reaction of Sales . . .**  
by Joining the March to N.A.A.I.C.\*  
Your future with this company can grow . . . and grow:

1

### New, Streamlined Life Portfolio!

NAAIC's Life lines have been revised—realistic, saleable rates.

2

### New Group Facilities—Life and A&H!

3

### Outstanding Agency Contract!

Ask any North American Agent what he thinks of his contract! It's unbeatable!

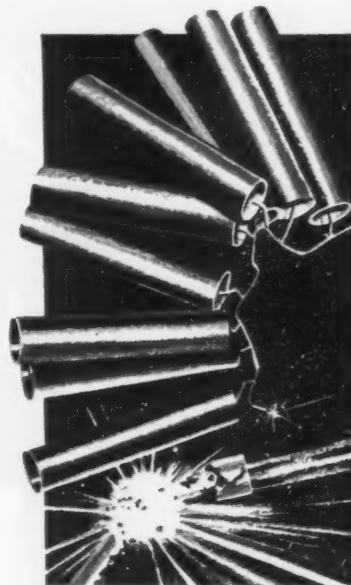
There are other reasons, too, why top insurance men know it's smart business—profitable business to work with the North American Accident Insurance Company—Chicago.

- Top Commissions . . . Level A&H Renewals
- No Branch Offices To Compete With You
- Concrete Assistance—gets you off to the right start with hard-hitting sales aids and promotional materials.
- Extra Incentives to supplement your production achievements.

If You Are Interested In Making Money—Not Just Today But Years From Now—remember you can start a chain reaction of sales by writing

S. Robert Rauwolf, Vice President, Dept. J

\*The familiar abbreviation for the North American Accident Insurance Company—one of America's oldest and strongest Personal Insurance stock companies.



FOUNDED 1886



North American Accident Insurance Company

Licensed to operate in the 48 states and the District of Columbia  
LIFE • ACCIDENT • HEALTH  
209 SOUTH LA SALLE STREET • CHICAGO 4, ILLINOIS

## For Agencies on the Grow— A PROGRESSIVE COMPANY

★ A leader in developing modern policies, ★ multiple line facilities, ★ over half a century of dividends to fire insurance policyholders.



NORTHWESTERN  
MUTUAL INSURANCE COMPANY  
FIRE • CASUALTY • AUTO

HOME OFFICE • SEATTLE • WASHINGTON

Chicago Columbus Dallas Denver Houston Los Angeles Missoula New York Oklahoma City  
Phoenix Portland Raleigh Salt Lake City San Diego San Francisco Spokane St. Louis  
Canada: Vancouver Calgary Edmonton Saskatoon Winnipeg

## Consumer Credit Ins. Assn. Elects; To Add Property Insurers

Consumer Credit Insurance Assn., at its annual meeting at White Sulphur Springs, formalized plans for expanding its membership to include physical damage insurers writing such coverage in connection with credit transactions. Membership had been limited to companies writing credit life and/or credit A&H.

The following officers and board were elected: John D. Mace, vice-president Central States H&L, chairman; Frank A. Hill, vice-president Volunteer State Life, president; Harold L. Buck, vice-president Federal L&C., and William F. Martin, vice-president Stuyvesant Life, vice-presidents; Frank J. Csar, vice-president Mid-States Life, secretary-treasurer.

Members at large: Arthur J. Cade, executive vice-president Old Republic Life; Dwight W. Hollenbeck, president Credit Life of Springfield, O.; William Hopkins, vice-president Colorado

Credit Life; R. Kirk Landon, vice-president American Bankers Life; Harry O'Brien, vice-president Bankers Security Life Society, New York; Theodore S. Sanborn, president North Central Life; Thomas Shortall, executive vice-president Alinco Life, and Elliott Taylor, vice-president Pacific Fidelity Life.

The south side Kansas City office of Western Adjustment has been consolidated with the main office at 31 East Linwood boulevard. All personnel of the south side office have been transferred to the main office.

## Salzburg For Marine Men, Monte Carlo For Reinsurance Group

By L. TYTENS

International Union of Marine Insurance will hold its annual congress at Salzburg, Austria, Aug. 31-Sept. 3. This is a technical meeting where matters of common interest to the marine insurance business are examined, with a special eye on loss prevention. Last year, for the first time, not enough hotel rooms were available at Copenhagen to accommodate all those who, while not taking an active part in the proceedings of the congress, were attending, as formerly, mainly with a view to the furtherance of their own particular aims, mainly reinsurance interests. Attendance will be limited this year for the same reason.

There is a new departure this year. A public meeting will be held on Wednesday where all holders of a congress card will be admitted. Several reports will be presented at this session related to hull and cargo matters and marine casualty statistics.

Richard P. Godwin, scientific officer in charge of the joint atomic energy commission of the U. S. Maritime Administration will discuss the technical aspects of nuclear energy, and A. B. Stewart of London Lloyds will promote a general discussion on the underwriting problems involved.

### Hopes To Stimulate Interest

The executive committee hopes that the meetings this year will stimulate a wide interest on the part of marine underwriters in the various markets, and there is a determination to have them participate in the conference to the fullest extent possible. Previously the congress has been restricted to committee meetings, and only mem-

(CONTINUED ON PAGE 21)



## "HARD WAY" JONES NEVER HAD IT SO BAD —AND HE LOVES IT!

Old "Hard Way" hates progress—  
Won't use a car,  
Has a one-way 'phone (receiving only),  
Counts his stamps,  
Does his selling alone.

'bye, 'bye, "Hard Way." Competition is getting tough on "seat-of-the-pants" selling.

### BUT

prospects were never better for forward-looking agents!

Policies are broader, better than ever. Prospects have more things that need protecting. If you put the two together, business will be great in '58!

We've got the ammunition for you—come on along with **THE HOME!**

**The HOME Insurance Company**  
Property Protection since 1853

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds



## Springfield-Monarch Affiliation Effectuated

SPRINGFIELD—Affiliation of Springfield Fire & Marine and Monarch Life of Springfield has been consummated, the final step being the authorization of up to 1 million additional shares of Springfield F&M stock for issuance to Monarch stockholders who have tendered more than 98% of Monarch stock for exchange.

The Springfield F&M board was increased to 24. The 12 new directors include Monarch officers C. W. Young, chairman; F. S. Vanderbrouk, president; G. W. Gordon, vice-president; R. C. Swanson, agency vice-president; John H. Miller, vice-president and senior actuary; H. M. Graham, treasurer; J. S. Bulkley, general counsel, and C. B. Gordon, manager of policyholder service. Also added to the board were H. S. Bush, vice-president of Springfield F&M; J. S. Fairchild, senior vice-president U. S. Envelope Co.; B. H. McLeod, president Valley Bank & Trust Co. of Springfield, and A. H. Parker Jr., president of Old Colony Trust Co. of Boston.

President Leland J. Kalmbach of Massachusetts Mutual Life resigned from the board because of possible conflict of interest.

Officers of Springfield F&M. added to the Monarch board, which was also enlarged, include S. Dwight Parker, president; H. P. Almgren; H. S. Bush; H. P. Chapman Jr.; W. G. Howland and R. E. Wessendorf, vice-presidents. Also added to the board was R. H. Morse, vice-president and actuary of Monarch.



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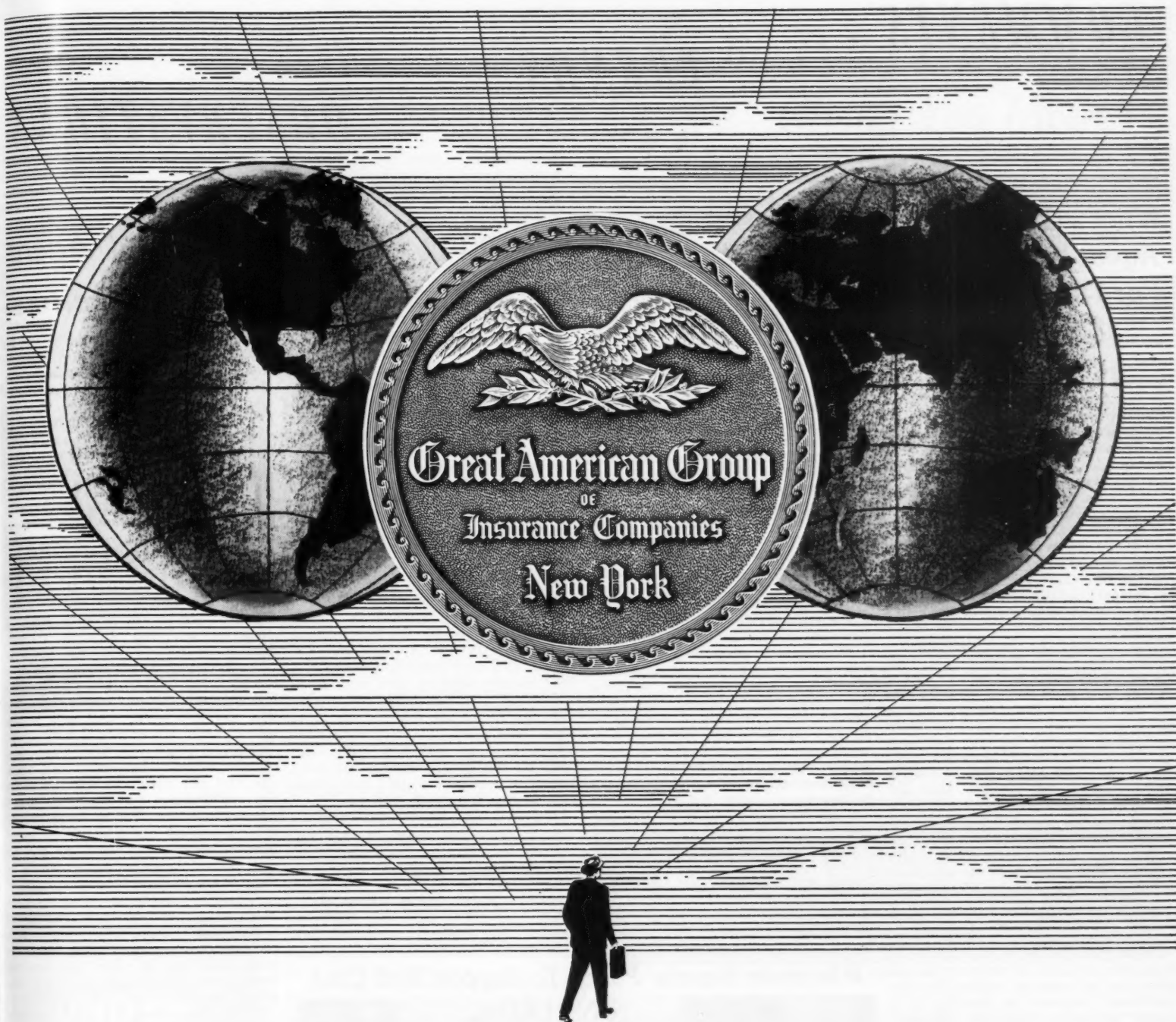
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## Explore the Foreign Insurance Field

For information about insurance in foreign countries, write to our Foreign Department, AFIA, 161 William St., New York 38, N. Y.

Great American producers can build worthwhile premium volume by handling foreign insurance risks in their own communities. The growing interest in overseas trade and travel makes this an attractive field for future business development. Full details on request.

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FIRE • MARINE • AUTOMOBILE • CASUALTY • SURETY

GREAT AMERICAN • GREAT AMERICAN INDEMNITY • AMERICAN NATIONAL FIRE • DETROIT FIRE & MARINE • MASSACHUSETTS FIRE & MARINE • ROCHESTER AMERICAN

# COMMENTS

# TRENDS

# OBSERVATIONS

## What's Good For Agent Is Good For The Company

From Cleare Filer of H. H. Filer agency, Miami:

I read with great interest the new method of rating automobile insurance in the June 13 issue of THE NATIONAL UNDERWRITER, as suggested by Mr. Alexander Bell of the Midwestern Independent Statistical Service. The whole idea might be worth further study and exploring.

However, Mr. Bell apparently makes an assumption on which I would like to remark.

He apparently has the opinion that when an agent handles a class 2 automobile premium  $2\frac{1}{2}$  times as large as a class 1 automobile premium there is no increase whatsoever in an agent's expense. While it is true that many times we have the same handling expense with small premiums as with large premiums, generally expense increases to some degree with the size of the premium. For example, with a class 2 premium we will have more collection expense because we have to collect the premium in several payments over a 60 day period, or even a little longer. Also, we are more apt to have a claim and thus have additional expense in assisting the customer with the expediting of his claim.

My main point is this: If no commission is to be allowed the agent on all premium above class 1-A, then the companies should not include in their filings any expense factor for such premium in excess of the 1-A premium. In other words, if the agents are to handle premium in excess of a 1-A premium but receive nothing for the additional expense in handling this larger premium, then the company should receive nothing for its additional expense in handling this premium above the 1-A premium.

If both agents and companies are willing to consider a proposition such as this that would be fair to both agent and company, then some intelligent discussion could result. But I don't believe the companies would be willing to go along.

### Should Reduce Companies' Share, Too

Incidentally, this is the principal objection to recent large-scale auto commission reductions. If the agent's share of the premium has been 25% for his profit and expense, and if the company's share has been, let us say, 22% for profit and expense, the company's 22% should be reduced along with the agent's 25%. The companies have reduced commissions to 20% and future rate filings will take this into account. But future rate filings will not indicate any reduction in the 22% allowed the companies. There is no organized industry-wide effort on the part of the companies to survey their expenses and to invite agents to offer suggestions on how they may reduce company expenses. While the companies reduced the agent's commission

they offered nothing whatsoever to help us reduce our agency expenses.

The whole situation calls for some type of permanent organization or body to be set up by the companies to study and encourage ideas and suggestions on the part of both companies and agents toward a change in the way that automobile insurance is handled from beginning to end. A similar body should be organized by National Assn. of Insurance Agents to both study and encourage ideas and suggestions in the same manner. By encouraging the submission of concrete insurance handling procedures from everyone, both groups would develop a frame of mind more apt to listen to each others proposition. We might then be able to pull ourselves out of the gutter in which we now find ourselves, with agents complaining about commission reductions and tight underwriting, and with company officials constantly accusing us of sitting in our office with our feet on our desks instead of getting out and selling.

We certainly need to get together and work toward a solution to the situation. I, personally, would welcome the opportunity of submitting some ideas I might be able to develop, if we only had some body or group who would take such ideas and study them, rather than discard them as so many companies do when we, individually, propose some needed change.

I am looking forward to the day that I can read three consecutive issues of THE NATIONAL UNDERWRITER without finding any article where agents are criticizing the companies or where some company official has made a speech showing where all of the problems lie with the agents.

## Company President, Youthful Agent Swap Experience In Friendly Letters

We have been privileged to review an exchange of correspondence between an ambitious young agent, Lemuel Sharp, and Mortimer Multiline, president of Archaic Ins. Co. Mr. Sharp recently graduated from the company school and is now active in his father's agency. His letter and Mr. Multiline's reveal a fine company-agent relationship and also carry an undertone of current conditions in the business. We are grateful to these gentlemen for permitting us to reproduce their letters for the enlightenment of other keen students of the business.

Dear Mr. Multiline:

This is the first opportunity I have had to thank you for the fine training I received in the Archaic Ins. Co. school, as I have been busy these past four months working hard with Dad.

Perhaps you remember my telling you how backward some of his ideas were and how I was sometimes ashamed to go soliciting with him; well, he has sure learned a lot since I went to your school and I don't mind ringing doorbells with him now.

The first few weeks after graduation I went out alone to sell the professional service I learned about at Archaic. The first prospect I went to see was my uncle. He is a television repairman and knows something about prices. I offered him our complete package of personal protection but

he wouldn't take it. He said he got his down at the mail order house when he went to pick up his fertilizer and overalls, and their package of protection was \$38 cheaper than mine. I asked him if personal service and friendship didn't mean anything, and he said sure, but he didn't need \$38 worth of it. That taught me not to depend on relatives. I guess strangers appreciate you more.

By the way, we have tied in with the Big I national advertising campaign the agents are running. I called on Mr. Taylor who owns the biggest store in town, and explained to him that I was "independent." He said "so is your old man, and I helped make him that way with my premiums." I guess he was only kidding, though, because we got his renewals. Incidentally, I bought two new suits and a topcoat while I was there. You have to look your best when making calls, just like you told us in your talk at the school.

Dad and I called on Mr. Crusty, one of our biggest customers, the other day, and dad started to tell him about the companies in our office. He didn't say anything, but hauled four annual reports out of his desk. They were from companies we represent and he had taken stock in them, which is more than we ever have.

"There's something that puzzles me," he said. "I took these annual reports down to my printer and he said the four of them must have cost about \$4.25 altogether to print up with all these pictures of boats and fire engines and what not."

"Now here's what I don't understand: These four companies only pay

## Wisconsin Agents' Policy To Support Ball Club



Wisconsin Gov. Thomson, at a special ceremony, points with enthusiasm to the "world's largest policy" issued to the Milwaukee Braves baseball team by Wisconsin Assn. of Insurance Agents assuring support in winning the National League pennant for 1958. Governor Thomson had just signed an endorsement to the policy on behalf of Wisconsin citizens. J.W.S. Gallagher, Madison, convention chairman, pictured behind the governor, said that the policy will be presented to the Braves prior to their Sept. 16 game with the San Francisco Giants in conjunction with the annual convention of the Wisconsin association. President A. R. Moss of Beloit who will preside at the convention looks on, right.

## Atlantic Mutual Ads Tie In With Big I

Atlantic Mutual's current series of advertisements for agents' use in local newspapers is being widely used, particularly by National Assn. of Insurance Agents members who are tying in with the Big I campaign.

The ads, which feature cartoons, have a fresh approach to establish the merits of the independent agent. One pictures a dog and refers to the fact that a print of his nose is a sure means of identifying him for canine insurance purposes, for no two prints are alike. No two kinds of car and home protection are identical either, the ad continues, citing the wisdom of buying through the independent agent.

Reprints of all nine ads in the series can be obtained free from W. Irving Plitt, vice-president of the company at 770 Broadway, New York 3. A complete set of mats can be ordered for \$5 from Doremus & Co., the advertising agency which developed the program, at 120 Broadway, New York.



me \$3.80 a year in dividends, but they spend \$4.25 to tell me why I don't get more. What's the answer?"

Dad didn't say anything, but fortunately I knew all about public relations, thanks to your splendid two weeks' course, and I explained how important it was to tell the companies' story to all stockholders, such as widows, retired folks, and big holding companies.

Mr. Crusty snorted: "The widows I know read different kinds of books, and believe me, those holding company boys know more about what's going on in the companies than you'll find in these reports." He put them away and gave us our renewals. He owns the building where our agency is located.

I thought you'd like to know that your grand old field man, Joe Grind,

was in to see me the other day, and I asked him why you folks wouldn't take more of our auto business. We sure had a nice talk and he gave me a brand new book on business interruption and extra expense and offered to make some selling calls with me. He said I'd forget all about auto if I once got to piling up premiums in these lines. He is certainly a grand chap and typical of Archaic, where I learned so much about this business of ours.

Well, Mr. Multiline, I thought you'd like to have some news from the firing line and hear how we're beating back the direct writers with our professional service. If you're ever down this way, I hope you'll drop in and make some sales calls with us. I know you could help us put our story across.

Sincerely yours,  
Lemuel Sharp

Dear Lemuel:

It was certainly cheering to hear from you. I have been laid up in the hospital for several weeks with a broken leg which I sustained in the most peculiar way. I was taking a stroll one evening when I noticed a friend of mine who is president of a life insurance company walking some distance behind and attempting to catch up with me.

To be honest, I thought he wanted to sell me some more life insurance with his company or a group policy for our employees so I quickened my pace and in my hurry stepped off a curb too fast with the dire result I have mentioned.

As I lay in considerable pain in the gutter, my friend panted up and said: "What was your hurry, old man? I wanted to talk to you about buying your company. I think we could pull you out of the red, and there'd always be a spot for you."

Under the circumstances I did not feel much like discussing a business deal, but we have an appointment as soon as my leg mends.

You may think it strange that I should confide in one so young—but the fact is I haven't heard from anyone else since I've been in the hospital—except my immediate family who came around for the house money and their monthly allowances.

But enough of my troubles, Lemuel. Keep striving and using the knowledge we imparted to you and I am quite sure that someday you will be in the same position I am now in.

Cordially,  
Mortimer Multiline

## NFPA Contest Will Draw Record Entries

A record high of more than 1,500 cities, industrial firms, military units and government divisions are expected to participate in the National Fire Protection Assn. 1958 international fire prevention contest.

The programs to be described in the entries are now in action in hundreds of cities and industrial plants throughout the U. S. and Canada, as well as at military and government installations.

City entries are classified and judged according to the size of the community. The only prerequisite to entry, is an active fire prevention program. Entry forms, returnable by Nov. 30, are available from NFPA at 60 Batterymarch street, Boston 10.

The Lombard, Ill. office of Western Adjustment has been moved to 236 East St. Charles road. R. J. Caldwell is manager.



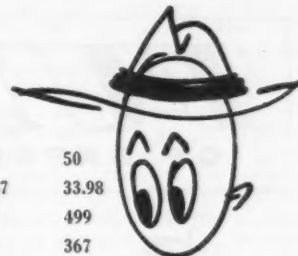
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## Safety Belts Save Many, Have Few Disadvantages

(CONTINUED FROM PAGE 8)

occupants escaped with his life because he did not fasten his seat belt. The implication was that the others died because they fastened theirs, Mr. Moore noted. He added that trained investigators of plane crashes commented that the deaths were probably due to violent impact and had no connection with belts.

In reply to criticism of belts as a

cause of internal injuries, Mr. Moore said that in cases analyzed in his study, 4% of belt wearers had dangerous or fatal injuries of the lower torso but that among the more than 15,000 non-wearers, 2.5% had similar injuries, which clearly indicates the belt's protective qualities.

Another criticism is that belts may prevent escape in accidents involving

fire or submersion, Mr. Moore noted.

However in 10,000 cases studied, fire was a factor in only 1/4 of 1% and submersion in 3/10 of 1%. In such accidents, belts may be suspected as the cause of death or injury but often have no connection.

In a series of 412 accidents involving seat belt users, only nine out of 459 reported failure of the device, Mr. Moore said. With respect to such failures, he continued, there is evidence from data on more than 1,000 survivors of light plane crashes that belts

## Kearns Joins Peerless

William B. Kearns, formerly special agent in New Hampshire for Hartford Fire, has joined Peerless as supervisory underwriter and assistant to Joseph A. Sorge, assistant secretary in charge of the fire and inland marine departments.

which fail are better than no belts at all. Among survivors with serious and critical head injuries, 10.1% had belts which remained intact, 29.4% had belts which failed, and 41% had no belts. While this data relates to plane crashes, it is reasonable to assume that impact conditions are similar to cars and that belts reduce the force with which the head contacts forward structures, the research revealed.

### Perspective Is Needed

Mr. Moore noted criticism of belts in connection with rollovers in open top convertibles where it is claimed occupants retained by belts are killed but would survive if thrown clear. Death under these circumstances is possible, he conceded, but perspective is needed for proper evaluation. Among more than 6,000 injury producing cases analyzed, 1.5% involved open top cars which rolled over. Critics of belts hold that those thrown clear have a chance of survival if they land on a soft surface, but research indicated that the majority of ejections occur either on hard roads or rocky areas on road shoulders. Moreover, ejected persons are sometimes killed by the car rolling on them or by another car striking them. Thus, Mr. Moore continued, rollover in a soft top convertible can be dangerous with or without belts. Perspective can be gained from the fact that such cars, like other body styles, roll over in accidents about 20% of the time. Since no one may choose the type of accident he will be in, it is not sensible to ignore the use of belts in convertibles simply because an unusual hazard exists in the minority of cases where they roll over.

With regard to those thrown from cars of all types, the fatality rate is 12.8% and 2.6% for those not ejected—a ratio of five to one, which demonstrates the principal value of belts. The research further revealed that belts do not promote false confidence among drivers and cause them to speed as some critics have held.

The study was sponsored by the commission on accidental trauma of the armed forces epidemiological board and supported by funds from the office of the surgeon general of the army, from the national institute of health of U. S. Public Health Service and by research grants from Chrysler Corp. and Ford Motor Co.

## Tells San Antonio A&H Role Of Texas HIC Unit

San Antonio (Tex.) Assn. of A&H Underwriters heard W. P. Hinsch, vice-president and actuary American Hospital & Life, explain the purposes and objectives of the Health Insurance Council, at a recent meeting. He described how the council attempts to improve general conditions concerning the development of A&H insurance and underwriting practices.

The Council has a special committee for Texas which works on specific cases, he pointed out. Its function is to consider complaints of hospitals, insurance men, and physicians. Each of the three groups equally represented in the organization, he stated, has cause for complaint at times.



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## Fire Agents Give Views On Life As Competitive Facility Or Threat

(CONTINUED FROM PAGE 2)

plus the fact that trained personnel is a problem.

We do not operate a life department as such—we tried it on two occasions, and it did not work out, primarily because we didn't have the right man. The company men come into our office and our producers take them out to prospects and actually the life specialist does most of the selling.

However, our boys do sandwich life insurance in with their other business principally where a contractor gets a job. It is good business for a contractor to take a term life policy not only to protect him but to protect the bank that will help him finance the job. It is good quick money and is the only insurance that I know where, if you made a mistake on it, when a loss occurs you don't have to argue with insured. The greatest problem in getting a life department organized is to get the right man and what to pay him because if you have the right man, he can get just about the same contract you have and keep the renewal commissions himself.

Therefore, the only advantage for a life man to be in an office such as ours would be the entree and the prospects we would have tailor-made for him.

We do not have enough business to write monthly premium payment plans for those for whom we write personal or commercial coverages. A&S in our opinion should be in the life department because you can get a major medical plan along with group life, and it goes together like bacon and eggs.

We are again giving consideration to setting up a life department, and the main reason we want it is just for competition. I still think there will always be a place for the independent general insurance agent whether or not he offers life insurance providing he has good commercial accounts. But I do believe eventually he is going to have to work with a life man to give his client an over-all program. The kind of life program the independent agent should have is one that has a mortgage connection. Whether he wants a real estate department or not, if he could tie up with a real estate broker who does not handle insurance, there would be a great advantage to his placing life insurance on those persons borrowing money from the life companies.

\* \* \*

As far as we know, only one of the

ten largest general insurance agencies in this city has a life department. Another agency started a separate life department, but discontinued it a few years later.

We do not believe that a life department will be an essential competitive facility in the times ahead. We do feel that more general insurance agents will be handling life insurance on a small scale, particularly in smaller communities, and in instances where estate planning and tax analysis is not really important.

On the other hand, we do not feel that these general insurance men will be hurt at all with their substantial clients by recommending a CLU or a competent life underwriter. As a matter of fact, we feel that our prestige is heightened by explaining the need for a full time life insurance agent to substantial clients.

We do not feel that the operation of a separate life insurance department will result in any advantage to our competitors. Such has not been the case in the past, and I do not believe it will be so in the future. Nor do we feel that, generally speaking, there is a place for the agency specializing in certain lines or in certain types of clients.

The arranging for, as opposed to the hard selling of, life insurance will undoubtedly become more important to the general insurance agent in the years ahead. However, he should make it clear to his customers that in case any estate problems can be foreseen, the customer should consult a trained life underwriter. Very few agencies will provide a separate department for that underwriter because the problems are so different from those of the general agency.

So far, we have not been using a monthly premium payment plan for any clients. However, we can foresee the time when such plans will have become firmly established.

\* \* \*

We believe that a life department is absolutely essential as a competitive facility in the future, not only to completely "tie up" an account, but from a service standpoint as well. This opinion is reinforced by the fact that many life agents are writing general lines, and it has become extremely evident to us that numbers of life insurance specialists are also writing increasing amounts of casualty business. This makes the casualty and fire agents handling of life insurance an absolute essential for the future.

We currently operate a life department and have done so for about five years. We maintain a full staff of life specialists, using a number of life companies. The most difficult current problem with the life department is the difficulty of life specialists being able successfully to maintain that position, having previously handled large numbers of individual casualty accounts which still require servicing and on which the client relies on the life specialist for advice, etc.

We do not use a monthly premium plan for clients for personal or commercial coverage and continue to handle our A&S coverages through a separate A&S department. This may be integrated with the life department in the foreseeable future.

In the writer's opinion, all the questions raised can be summarized with an analysis of the current situation. Casualty companies are entering the life field, as we see it, for two fundamental reasons. There is more stability in life underwriting, and the additional premiums are funds available for investments.

It is not so much a question as to what we think of a general insurance agency doing a life business, but more important the fact that competition is going to force us into writing life insurance in order to protect our business.

The problem, as I see it, is one of

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training casualty agents to do an intelligent job of life underwriting. As far as the client is concerned he would much prefer to have one agent handle all insurance affairs. In this connection, it would seem to me that the average general insurance man with the proper amount of training will be able to handle individual life situations. However, when it comes to key man, stock purchase agreement, pension trust, etc., you will still need a specialist in the field. Furthermore, a good general insurance man will be the first to admit to his client that a

specialist should be called in and accordingly make arrangements with a competent man to handle the case.

We do believe that a life department is an essential competitive facility and our belief is evidenced in our creation of a special life department five years ago. We have one man handling our life business as a specialist, although all members of the agency are generally familiar with life coverages. Our "life man" is, conversely, generally familiar with the general insurance business and we

have found this particular method of operation to be quite successful. It has been our feeling that with almost constant changes in both the life field and the general insurance business during the past several years, it is almost an impossibility for an individual to be thoroughly conversant with both fields. For this reason we will probably continue to operate our life department pretty much separately from the general business.

We have used a monthly payment plan in only a few instances for small commercial accounts where the total

premium is \$1,000 to \$3,000 per year. Such plans are available to any of our customers, but we have not found too great a demand for them. This, of course, may be a situation peculiar to our agency since, in the main, our clients are to a great degree restricted to substantial business concerns and individuals of some worth.

A&S in the past has been handled in our general insurance department although it is our thought that in any new drive for increased volume should more properly be handled as an adjunct to our life department.

What anyone thinks on this subject is academic as the multiple line trend is in full tide and all insurance offices are tending toward "department store" patterns, with sales emphasis a personal preference selection as regards lines pushed by the agent involved.

In today's times of progressive insurance marketing and availability to the public our office feels that a life insurance department is essential to the general insurance business.

Our office operates a life insurance department. This department was started in July, 1957. We employ two life specialists who do nothing except sell life insurance contracts. The problems which are presented to us of course are many, but the main difficulty is keeping the life specialists in the life field and keeping our general insurance solicitors in the general insurance business. Each of them get calls for the other type of insurance department and vice versa. We have under consideration a monthly premium payment plan but we do not use one at present time. We handle A&S in the life department.

Yes, we believe a life department is essential, as other agencies are competing for our casualty business with the entry through group and life.

We have operated a life department for the last two years. We are attempting to develop specialists but to date have not been successful with personnel. A&S and life are handled together.

Our special problem is personnel or a different type salesman, a more aggressive and harder selling individual.

#### Standard Accident Appoints Trent

Standard Accident has appointed Robert Trent superintendent of fire and marine in the San Bruno division of the Pacific section. He began his insurance career in 1948 as fire underwriter with Phoenix-Connecticut and in 1949 he became special agent with Providence Washington. He joined Standard Accident in 1958 as field representative in charge of property operations at Phoenix.



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## Salzburg, Monte Carlo Chosen For Meetings

(CONTINUED FROM PAGE 14)

bers of the committees were entitled to participate.

It has been suggested, apparently without success in different quarters, that the September meeting of reinsurers, "Rendez vous de Septembre," should be held immediately after the marine congress so that marine underwriters could with no loss of time attend to their reinsurance problems.

The present aim of the promoters of "Rendezvous de Septembre," to be held this year at Monte Carlo, Sept. 15-20, is to give an opportunity to insurers and reinsurers from all over the world to meet as many people as possible in a very short space of time.

It has been pointed out that this is merely a meeting of European insurers and reinsurers and, at that, mainly French, Italian and a few other nationalities with Lloyds widely represented.

This September meeting could be made into a world-wide market if there was a worthwhile attendance of businessmen from non-European countries and mainly from countries in the western hemisphere. U. S. brokers were on the scene last year, and there is interest to see if the Americans will show an increased interest in the possibilities of transacting business at Monte Carlo this year.

Several suggestions have been made for building up, on the occasion of these meetings, an international reinsurance organization. But the promoters of this gathering have no further aims than to furnish an opportunity to negotiate business. However, anyone can propose and organize technical meetings at this gathering. Last

year only the Comité Européen des Assurances availed itself of the opportunity for calling meetings of several of its committees. Because of this it may be thought that the September rendezvous is shouldered by the Comité Européen. Onlookers will have the impression that this is so until others take the initiative to form technical groups, which could form the nucleus of an International Union of Reinsurers. It was rumored when the Comité Européen des Assurances was founded some years ago the aim was to promote a Caisse Européenne de Reassurances. This is unlikely, but an international technical reinsurance organization would form an appropriate antidote against this or other monopolistic aims.

## Hartford Accident Has New Plan For Youth Groups

Hartford Accident is writing a new low-cost accident form for social and community youth organizations. The plan provides benefits up to \$1,000 for medical expenses for injuries, the same amount for accidental death, and lump sum benefits up to \$5,000 for accidental loss of limbs or sight. Group members and adult leaders are eligible at a cost of \$1 under the plan, which is available in all states except Iowa, Kentucky and Maryland.

## NYFIRO Shifts Freeman

New York Fire Insurance Rating Organization has appointed John J. Freeman Jr. assistant manager of the suburban division. He began as a field inspector at Buffalo in 1949 and was subsequently at the central office in New York City and then in the city division, of which he was named assistant manager last January.

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## Cites Roles Of Public, Company Adjusters

(CONTINUED FROM PAGE 8)

tion of a claim by a public adjuster and negotiations with a company adjuster turns into an effort by each to show his superiority, insured often finds that his interests are secondary.

Mutual respect for honesty and square dealing by both adjusters would solve this problem.

Mr. Winchester noted decided improvement in public adjusters in re-

cent years over the old days, when they concentrated more upon "getting losses than upon the quality of claim handling." He said that if the public adjuster is to justify his existence, it is imperative that he not only know correct adjusting procedure, but that he also become thoroughly conversant with all types of policy coverages and be as capable of interpreting a policy

form as a broker, agent or a company adjuster. He did not imply that the latter are all thoroughly competent and capable of handling any and every type of loss and said there are probably as many instances of the wrong man servicing the wrong loss on one side of the fence as on the other.

### No Substitute For Experience

He referred to the period from 1945 to 1950 when the companies and the bureaus recruited and trained personnel in unprecedented number. These men acquired mechanical adjusting

knowledge and technical and theoretical insurance data. However, there is no substitute for experience, and events moved too swiftly for the majority of them to develop specialized adjusting skills, Mr. Winchester declared.

There are a great many able men in adjusting but all are handicapped by the present evolutionary phase of the business, he observed, because of integration of fire and casualty interests, the growth of the multiple line concept and the merging of personnel with liability and property insurance backgrounds. "Casualty thinking frequently influences the processing of fire claims, and in some adjusting firms and company claims offices, inland marine, automobile, fire and casualty claims are handled or supervised by the same individuals with little thought for their experience or backgrounds," he stated.

### Difficult Stage Will Pass

He predicted that this stage will pass, and said there have been indications that ultimately both underwriting and claims handling will be conducted in a more orderly fashion through the trend toward consolidation of many types of coverages. There is reason to hope that some day the public will purchase one contract indemnifying the policyholder against all loss from all perils, he said. Meanwhile, until adjusters are trained in all lines and freed from prejudices the present situation must influence many adjustments and create some difficulties between public adjusters and company adjusters.

There are many occasions when a qualified public adjuster can perform a real service for insured and, undoubtedly, if there were a public record of past performances, this fact could be demonstrated. Unfortunately, there are bound to be other instances where the activities of a public adjuster have muddled the waters for one reason or another and these instances have been highlighted to the detriment of all those engaged in the public adjusting business, Mr. Winchester declared.

He said that possibly more public relations activity is needed to demonstrate not only to the public, but principally to the insurance industry, that in their representations of insured, public adjusters are performing a service not too dissimilar from that of a broker or of a plaintiff's attorney and that it is possible to operate in this connection at a high level of integrity, while serving the best interests of their clientele.



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## Engineering Service Noted For All-Around Value

(CONTINUED FROM PAGE 2)

and the manufacture and use of highly toxic and explosive rocket fumes. But Mr. Pierce is confident that the laboratory service will enable the group to underwrite these hazards and unknown perils which may develop.

John A. Geary, assistant superintendent of the engineering department, describes the group's activity in selecting and training engineers in the techniques of leading conferences for industry supervisors. First and most popular of the resulting services is a series of five meetings usually held once a week in larger risks and known as supervisory training conferences. The leader draws on the background of the group of 10 to 20 to establish the most common types of accidents in the particular operation or classification. Proper personnel placement, effective job instruction, control and discipline, accident investigation, protective equipment, shop inspection, safety committee activity and other supervisory tools are discussed in conference.

### Subject Matter Adaptable

A second service is the one day management safety forum which is arranged by the agent. He and the engineer assemble a list of top management from small industrial, commercial and fleet organizations. The subject matter is adaptable to a wide variety of classifications, and the agent need not fear problems arising from bringing together a group of insured who may be strangers from the standpoint of business activity. On the contrary, experience has indicated many benefits growing from mixed groups, Mr. Geary noted.

Driver training conferences for commercial vehicle and fleet operators are also held in four one hour sessions in early morning or evening which do not interfere with working schedules. Instructor training conferences are provided for first line supervisors to improve their on-the-job instructional technique. This is designed as a follow up to the regular supervisory training conferences.

### Emphasizes Value of Services

The value of Employers' engineering services is emphasized by John J. Flynn Jr., of John C. Paige & Co., Boston who cites their importance to insured and producer in controlling accident frequency and severity. Costs are kept down and insured is con-

vinced that his risk is being handled efficiently.

Mr. Flynn's firm recently placed with the group a large heavy construction project, involving workmen's compensation premium in excess of \$2,200,000. The risk had hazardous exposures of frequency, severity and occupational disease. Nevertheless, Employers had to meet severe competition from the direct writers. Efforts of the engineering staff, plus other company service and insured's cooperation, made possible retrospective return premium adjustments, which have amounted to almost \$1 million so far.

Another situation involved a contractor in Oregon who received cancellation notice from a direct writer over a weekend. He was left with no liability coverage at a time when he had made all preparations for blasting except for the actual detonating of the charges. Employers' engineering specialist from Los Angeles met with the contractor and Mr. Flynn and within 30 hours after first learning of the problem, the group had provided necessary protection and the contractor had permission to proceed. In this case it is probable that the premium on the tag end of the job did not pay for the expense of engineering, but since then the contractor has become a substantial customer of the group and the emergency investment has shown a handsome return, Mr. Flynn concluded.

## Mullikin Advanced In Middle Department

Middle Department Assn. of Fire Underwriters has advanced H. Reed Mullikin from general superintendent to assistant executive manager, effective Aug. 1.

Mr. Mullikin, who has been with the association since 1923, will share managerial and administrative duties with W. W. Hartman, assistant executive manager.

## General Guaranty In Ga.

General Guaranty of Winter Park, Fla., has been licensed in Georgia.

Hoke S. Rawlins, who is special agent in South Carolina, will also travel Georgia. He was formerly assistant secretary of American Southern and also chief underwriter for Employees Assurance Society—both of Atlanta.

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## Editorial Comment

### Quality Not Quantity Of Service Counts

There is no such thing as "hard sell" and "soft sell"—there is only "smart sell" and "stupid sell," Charles H. Brower, president of Batten, Barton, Durstine & Osborne, New York advertising agency, stated in his talk at the annual convention of National Sales Executives.

Mr. Brower said he had not read all the books on salesmanship and hoped his audience had not either, but beyond certain basic qualifications there were only two bits of knowledge necessary to become a great salesman. First is the knowledge that everyone in the world wants to be liked or helped, he said, and second is the realization that selling is an idea business.

Mr. Brower said people still have money in the bank but are reluctant to spend it probably because they are bored with many products on the market and the way they are being sold. He added that the man with understanding and ideas can attract

customers, and to prove his point told of a filling station operator who sold him \$20,000 worth of merchandise after being a good salesman on a \$1.50 order.

"I had just moved to town with a new bride and an old car," Mr. Brower said. "It had hand-operated windshield wipers and one of them had rusted off. I casually stopped at a gas station. 'You can't buy those wipers anymore,' the man said. 'The only chance would be in some junkyard. I'm going in to the city tomorrow, and I'll see if I can find you a pair somewhere.' He did.

"For 25 years I've bought all my gas from that man, and when he became an automobile dealer, I bought all of my cars from him. He's no pal of mine—I never see him except to buy gas or a new car—but once he was nice to me, and that doesn't happen too often in this world," Mr. Brower concluded.—J.N.C.

### Good Time To Unload Incompetent Agents

There never was a time in the modern history of fire and casualty insurance when companies generally had such an opportunity to rid themselves of incompetent, unqualified, lazy, commission conscious, loss producing agents as they have today. In most states and cities, most companies have too many agents. They are an accumulation, a hangover from previous years when companies were pushing to expand their agency organizations. In recent years they have been drawing in their horns, becoming more selective and careful about their appointments, but the many incompetent and almost useless agents have been relicensed annually for the past several years.

Clearly, this is a time for a thorough housecleaning. The companies don't want the kind of agents being described here. But they are not making any aggressive move to get rid of them. They are being relicensed each year automatically, perhaps almost unknowingly.

This situation results from errors of judgment made in the past. For at least a half a century and up to just a few years ago the same agency appointing pattern was followed. That is, a company having a field man or two in a state took the position that it should be represented by at least one agency in every town and city of consequence in the state. Often the value of a field man was measured by the number of appointments he could make. The field man who made a few agency appointments during the year was criticized. He was told he was not opening up new avenues of business. It was pointed out to him that other representative companies had agents in a couple of dozen towns in which he had not been able to make even one appointment. Field men were criticized in this way even though their existing agents were producing a con-

stantly increasing amount of business. Companies were almost obsessed with the idea that if they could only appoint enough agents, good, bad or indifferent, they would be benefitted because a certain percentage of all those appointed would turn out to be desirable. This was the accepted thinking regarding agency appointments.

Even though it was an unrealistic way of increasing the number of agents appointed, it was more or less successful with most companies until a few years ago when the loss ratios of all companies began to rise abnormally and alarmingly. Companies soon found that there was a great difference in their experience with agents. They realized that the able, conscientious agents were in fact underwriters at the source, whereas the non-selective "get the commission" type of agents continued to write any business they could get regardless of quality. These were, of course, the carelessly appointed agents.

In spite of this unfavorable experience, it is amazing to discover that even now companies still continue to be represented by agents unworthy of the name; without conscience; without standing in their own communities; irresponsible financially; chronically behind in their accounts and in numerous cases almost mendicants.

Only in infrequent cases has there been a determined drive by insurers to disassociate themselves from such agents. Most companies have not gone over with a fine tooth comb the list of agents in every state with the idea of picking up the supplies of those who over a period of years have produced only a trifling amount of business; who have caused unnecessary expense in collecting their accounts; who have burdened their companies with undesirable business; whose loss ratio has not tended to improve; who are unrepresentative,

undependable and, in fact, thoroughly undesirable in every way. Such action on the part of any large percentage of the companies would result in the unloading of thousands of agents throughout the country.

No other one thing that companies could do, could possibly be more encouraging to the representative, conscientious, hard working agents generally. As a matter of good faith, as an indication of their understanding of the true meaning of the American agency system, the representative companies should be willing to make this move on as large a scale as is needed. Such positive, affirmative action would clear up a situation that has been irritating, baffling and difficult for representative agents to understand. It would improve immeasurably company-agency relations.—Howard J. Burridge.

## Personals

Raymond T. Sweeney, former U. S. manager of Caledonian and subsequently with Peerless, which took over Caledonian's business, has retired under the company's plan, at his own request. He will continue to be available to Peerless as a consultant.

Mr. Sweeney entered the business in 1915 in Boston with Robert A. Boit & Co. agency. Later he was with W. A. Hamilton & Co. agency, and he joined Caledonian as special agent in New England in 1921. He advanced through field and home office positions at the head office to become U. S. manager of Caledonian and Netherlands in 1942. He is widely known throughout the fire business in the U. S. He lives in Hartford and has a summer home on Cape Cod.

George M. Fennell Sr., who works at the Accident & Casualty-American Casualty office in New York City, and who is well known on John street, attended the graduation exercises at Annapolis, where his son, George M. Fennell Jr., was an honor graduate. Young Fennell also received the Jack Cobb Moore prize, which is given annually to the midshipman of the graduating class who stands highest in the course in naval aviation.

Chang Yong Park, chief of the insurance section of the ministry of finance, Korea, presently is visiting insurers in New York and Hartford, and will visit others in Chicago and elsewhere before returning to his home in Seoul. During the past academic year he attended Wharton school. His section is the equivalent of a state insurance commission.

Ben D. Cooke, president of Agency Managers Limited of New York and managing director of B. D. Cooke & Partners Ltd. of London, is on a round-the-world business trip from London via Hong Kong, Los Angeles and New York. He arrives in New York July 25 and after five days there will take off via Pan American World



Raymond T. Sweeney

## The NATIONAL UNDERWRITER



The National  
Weekly Newspaper of  
Fire and Casualty Insurance

### EDITORIAL OFFICE

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**John C. Cosgrove**, son of John N. Cosgrove, associate editor of THE NATIONAL UNDERWRITER, has been selected to receive the New Jersey shore old time athletes' trophy for exhibiting the best sportsmanship among scholastic baseball players this season. John is a recent graduate of Long Branch high school where he set records for distance hitting and starred at first base.

**Eugene B. Woodbury**, son of Louie E. Woodbury Jr. of Wilmington, N.C., president of National Assn. of Insurance Agents, and Mrs. Woodbury, is being married to Miss Theresa E. Doxey on the evening of July 25 at St. James Episcopal church, Wilmington. A reception will follow at the Cape Fear country club.

**Judge John Sanborn**, former Minnesota insurance commissioner now serving on the federal circuit court of appeals bench, will preside at the Little Rock integration hearing set for Aug. 4.

**Paul R. Gingher**, president of State Automobile Mutual, has been elected president of Columbus (O.) area Chamber of Commerce.

superintendent of the auto department and finally associate superintendent, all in the western department.

**GEORGE C. LONG JR.**, 80, retired president of Phoenix of Hartford, died in West Hartford. He was president from 1937 until his retirement in 1951, and spent 42 years with Phoenix.

Beginning in 1900 he practiced law until he went to Houston to enter insurance. Before joining Phoenix he was an agent of Home for three years. He began with Phoenix in 1909 as a special agent in Louisiana and Mississippi. Three years later he went to the home office as general agent in charge of the company's business in the south.

He was a past president of South-eastern Underwriters Assn. and director of Hartford Steam Boiler and Phoenix Mutual Life. He was active in Inland Marine Underwriters Assn., which he helped organize, Fire Companies Adjustment Bureau, Western Adjustment and Underwriters Laboratories. He was an honorary member of National Board's executive committee, of which he had served as chairman, and he had been a member of its arson, fire prevention and engineering standards and actuarial bureau committees. He had been chairman of its public relations, laws, finance and conference committees.

He had served as chairman of the Hartford metropolitan district board.

**ANDREW G. GARNER**, 87, local agent at Rome, Ga., and president and chairman of State Mutual Ins. Co. of Rome, a life insurance company, died there. He had been president of the life company 20 years.

**PLEASANT LAMBERT**, 67, retired head of the W. T. Lambert & Son agency of Henderson, Ky., died.

**PETER D. KIERNAN**, 82, president of Rose & Kiernan agency of Albany, N. Y., died at his home there after a long illness.

**FORREST E. GINN**, 63, recently appointed Florida manager for Employers Mutual of Des Moines, died suddenly in Lakeland, Fla. As a field supervisor he had traveled Iowa, Missouri and Illinois.

**ED LINDHOLM JR.**, special agent of Home at Peoria for almost 10 years and former rater for Illinois Inspection Bureau, died recently.

### Indianapolis Insurers Merge

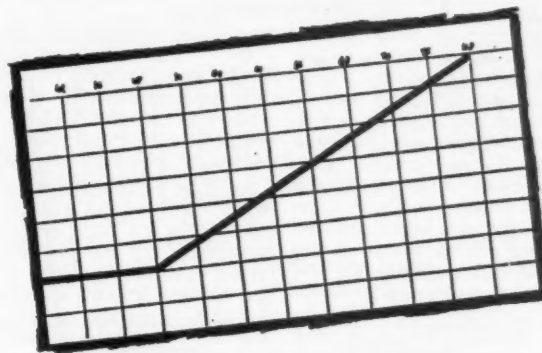
Fidelity Mutual and Indiana Lumbermens Mutual of Indianapolis have merged. I. G. Saltmarsh has been president and manager of both companies.

Indiana Lumbermens, which will be the title of the merged company, now has assets of more than \$30 million. It was organized in 1897 and is licensed in all states and the District of Columbia, writing fire, automobile and general casualty.

Fidelity Mutual was organized in 1920 by the directors of Indiana Lumbermens to write a general business because at that time Indiana Lumbermens wrote only lumber yards and woodworking companies. Fidelity Mutual's building at 3333 North Meridian street will be sold.



George C. Long Jr.



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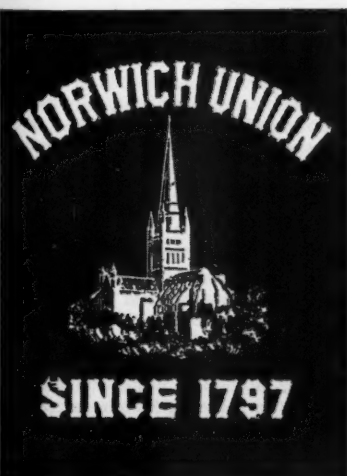
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## Deaths

**MORGAN F. MOORE**, 56, comptroller for Kemper companies' eastern department, died of a heart attack. Mr. Moore joined the organization in 1926 as an accountant in Philadelphia. He was elected an assistant treasurer last year.

**RAYMOND H. LORD**, 70, retired president of Affiliated FM, stock affiliate of Factory Mutuals, died at his Wakefield, R.I. home after a long illness. He was vice-president of Manufacturers Mutual before he became president of Affiliated FM when it was founded in 1949.

**SHERIDAN T. WINTER**, 64, associate superintendent of the auto department for Hartford Fire in the western department, died. Mr. Winter, who spent his entire career with the auto department, began with the company 47 years ago and served in various capacities, first as a field man. He next headed the auto loss department, subsequently being named assistant



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## Wise Spending, Sound Saving Are Equated

(CONTINUED FROM PAGE 1)

scious of the need to save money. There is no virtue in saving money per se. A company may save \$5,000 and feel smug about it while endangering \$1 million worth of its assets.

Buyers have had good advice. Sound insurance men have counseled with them in their examination of expense saving through insurance. One example of such advice is that reduced inventories and profits permit a reduction of U&O and fire coverage. The old but still good recommendation to improve the property and eliminate hazards as a means of reducing rates has been reiterated. The buyers have been warned against the temptation to purchase cheap insurance to replace coverage on which the record is clear that the insurer will live up to its contract. They have been told that buying automobile collision insurance for salesmen using drive-it-yourself vehicles is foolish, but perhaps even more foolish is to continue to go around with \$5,000 of property damage

liability on company vehicles.

But it also has been suggested by buyers that analysis of loss prevention expenditures may show that insurance is cheaper. This has a foolish sound, and if a business is doing it, underwriters should be on their guard.

In those businesses which have risen to the top and beaten out their competition by hammering away unremittingly on the low price theme, saving expenses and cost of all kinds has become almost a fetish and is carried to great and sometimes foolish lengths. To illustrate, many supermarkets are regarded as very poor underwriting risks. Some of them, in their feverish efforts to get prices down, have cut costs way below the safety margin. They go without sprinklers, and their housekeeping is notoriously poor. The experience on them is bad and is getting worse. Other types of business or individual businesses are not immune to this influence of cost saving at any price—

which extends to electric installations, exits (shades of Coconut Grove at Boston where the back door was locked to keep the employees from swiping stuff), etc.

Over the years, observation of several bursts of expense saving in the fire and casualty business makes it evident that at least some and perhaps a good deal of the cutting back is done without measuring its effects upon the positive reasons why the company is in business. Some of the eliminations of spending put the company competitively behind, and later on it has to make excessive expenditures in order to get back the ground it lost in this way.

### To Spend Or Not To Spend

There have been indications also that some spending should not have been undertaken in the first place. In other instances the expense was sound and the spending should have been consistent even in adversity.

One insurer has indicated that it will not spend in lush times what it would not spend in adversity. Then it is able to spend a little money during adverse times to take advantage of bargains. Over the years several companies have made great progress by following this philosophy.

Banning the purchase of lunches by company men for agents, buyers, or anyone else, as a blanket order, does not seem too sound. The privilege of buying lunches for persons in order to maintain friendly relationships, or to accomplish a piece of work which is important to the company, should not be overly generous at any time. But in reducing expenses, purposeful use of this kind of reasonably inexpensive hospitality can do things for the company which it may cost the insurer a good deal more to do in other ways for the same results.

### Reducing Underwriting Expenses

Some companies have reduced underwriting expenses in a time of high loss ratios and the concomitant difficulties. Yet when does a company need more underwriting, more skillful underwriting, and more information with which to underwrite skillfully than precisely such times?

There are indications that the insurers are putting the glass on duplication expenses, both on their own premises and outside where decisions to make changes involve the producers, the rating bureaus and others. Both inside and outside the individual company, this is a constructive move long overdue and even yet not undertaken to the extent necessary to solve the problem in substantial fashion.

One company, for example, estimates that it is now saving at the rate of \$1.5 million a year by eliminating the duplicate handling of the automobile policy (PHD and liability).

Beyond the individual company, much needs to be done and wide cooperation is needed if the business is to eliminate duplication of effort—the processing of figures and information by the agency and then again by the company in whole or in part; the

## Munson Is General Re Assistant Secretary

General Re has elected Frank W. Munson assistant secretary. He has been a facultative underwriter for four years. He began as a compensation and liability underwriter with Maryland Casualty at New York.

existence of two collection processes, one by the company from the agent, and one by the agent from insured; printing and size variations by company in identical endorsements; etc. Work of major proportions needs to be done in this area. Insignificant detail must be rooted out and duplication done away with or reduced, wherever it is possible to do these things without impairing the coverage or debilitating essential services and functions.

Agents are subjected to the same economic influences as are insurers. Even though they don't pay the losses, excessive losses in relation to premiums can push them around, too, as is apparent from recent experience in the automobile, inland marine, and a few other lines.

### Agents Have Important Stake

Consequently, agents have an important stake in any cooperative venture with rating bureaus and insurers to reduce to a minimum unnecessary or unimportant expenses. Certainly it is not to the agent's short or long term advantage to hang on to paper work and other office detail to avoid a cut in commissions. On the contrary, by elimination of such effort, some of it duplicate, the agent would come closer to preserving the commission rate than by the other course.

However, since it now is apparent that the fire and casualty business is in a highly competitive, merchandising era, the agent certainly would be foolish to reduce unwisely the amount he is spending on items that bring him into contact with insured or prospective clients. Money he spends to put his clients on an account basis and to raise the per unit value of each account certainly would represent an ideal way to spend money in order to save expense. Money spent to put in a collection system that gets the premiums paid promptly and eliminates a lot of flat cancellation fire insurance is another example.

Thus, for both insurer and producer, spending money to improve business or to get better business is equally as important, if not more so, than reducing to the minimum non-productive paper work and paper pawing—though the spending and the saving both are essential.

### Buying And Saving Foolishly

For the buyer, then, it is important to buy the insurance that is needed—and no more—but this always has been important. There is evidence that buyers still are buying foolishly—and saving the same way.

For the insurer, it is important to concentrate on productive spending, for only then will the expense factor be favorably reflected when applied against the resulting grade of business. Any other savings program must be based on standing still or retreating and no progressive company can afford to do either. With regard to luxuries and high living, no company is going to solve its economic problems by ordering an end to all entertainment by field men and other circulating members of the staff. The rule here might be "no more free lunches

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## Re ry

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without a purpose, and no more free rides on the corporate bandwagon without a destination."

For the agent, the emphasis must be shifted from where it has been for some years, getting the insurance processed, back to merchandising. But this can only happen if he wages a successful fight against non-productive and sometimes duplicate office detail.

In fine, only if the buyer, company or agent is intelligent about spending money can it be intelligent about saving money.

## Urge New York Not To Restrict Business By Changing Laws

(CONTINUED FROM PAGE 1)

wording of exclusions and subsequently removed the entire paragraph from the listing of kinds of insurance. It then substituted the following language in the preamble to the listing:

"The following definitions of kinds of insurance are not mutually exclusive, but no kind of insurance shall be deemed to include life insurance or insurance against legal liability for personal injury or death unless specified herein. A particular coverage may be included under one or more categories. Two or more kinds of insurance or subdivisions or parts thereof may be included in a single contract. Such contracts may include insurance covering on an all risk basis with specified exclusions."

Industry representatives complained that they had not received the copies of the proposed revisions in time to study them fully, but Henry Schantz, who conducted the hearing, emphasized that the discussion was preliminary and there would be further exchange of views. He was aided by Joseph Collins, Frank Harwayne, Andre Puoy, Jack Lavahnar, Harold Sohmer and Harry A. Kahn of the department.

Other comments by industry representatives not only prompted the department to reconsider the offending paragraph which listed multiple line insurance as a specific class but brought into focus the difficulties inherent in streamlining the law. J. Raymond Berry of National Board said that any changes introduced with respect to kinds of insurance carry an inference of a change in the regulatory pattern which is designed by line.

Harold L. Wayne of Inland Marine Insurance Bureau stated that the department's description of multiple line was an exact definition of inland marine and a prescription for endless confusion.

Mr. Harbison worried the contentious paragraph further by observing that it might introduce the knotty question of bureau rate making for all lines and asked if it was designed to introduce questions on the standard fire policy or to eliminate it altogether.

C. F. J. Harrington of National Assn. of Casualty & Surety Agents seized on the exclusion of life insurance and said that if New York is seeking a modern concept of multiple line it cannot ignore what is going on in the rest of the country. He referred to acquisition of life companies by property and casualty insurers. Mr. Schantz jocularly replied that life was precluded from the discussion since he was trying to hold the meeting to a small fire, casualty rebellion instead of a general revolution.

Mr. Harrington cautioned against the legislative approach to changes. Once they become law it will take years to undo them, should that be-

come necessary, he declared. Premature legislative action could cause turmoil, he observed in urging the department to deal administratively with the entire problem.

John Walsh of the law firm of Watters & Donovan, representing National Bureau, seconded the administrative approach and observed that one of the department's functions is to interpret the law and with practice decide what is right and best for the business.

Mr. Schantz observed that trying to get changes to work by regulation instead of legislation might lead to endless trips to court.

Harry F. Perlet of Multi-peril Insurance Conference noted the fundamental difficulty of defining multiple peril and said that futile attempts have been made for years. He too objected to a statutory approach to changes in kinds of insurance and noted that it would lead to future trouble when the business wished to include certain coverages in a contract. He was against any form of iron clad rule and found the present law empowered companies to write all risk covers.

### Agrees With This View

Mr. Berry agreed with this view. He asked what additional power the department would gain if multiple peril insurance were included in the law as a class of insurance. Mr. Berry opposed a legal freeze of any kind before the administrative approach had a fair trial. Mr. Collins drily observed that there is a legal freeze now, and some people might prefer to keep it that way.

Vestal Lemmon of National Assn. of Independent Insurers was not so exercised as others present. He said

that companies have ample authority at present. He cautioned on the form the New York law may take, since it is a bellwether for other states.

### Revisions Need Further Study

Mr. Wayne and Warren Gaffney of Surety Assn. of America both said that sections of the proposed revisions dealing with their respective interests would require a lot of further study. Mr. Wayne expressed strong reservations on the department's definition of inland marine and said it would be most objectionable to underwriters and others. He referred to past attempts

to produce a broad definition which would not do violence to various interests. He also doubted the wisdom of separating inland and ocean marine.

Practically every industry representative present joined in the refrain: "Are these changes necessary?" They referred to the excellence of the present New York law, but the department members present did not appear to be overwhelmed by the implied compliment.

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